

# *The* NATIONAL UNDERWRITER



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# The National Underwriter

## A WEEKLY NEWSPAPER OF INSURANCE

Thirty-Ninth Year—No. 28

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JULY 11, 1935

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### New England Men Have Varied Card

Well Rounded Program for the  
Combined Associations in  
New Hampshire

FRED R. SMITH IN CHAIR

Hinkley Outlines Proper Sphere for  
Company-Agent Conference—  
Greeno, Allen, Cole Headliners

By RALPH E. RICHMAN

DIXVILLE NOTCH, N. H., July 10.—About 415 men and women are here at the annual convention of the New England Associations of Insurance Agents. Monday greeting and banquet day; Tuesday formal paper day; Wednesday discussion day and every afternoon play day. That is the program. The presiding officer is Fred R. Smith, Haverhill, Mass.

At the banquet Monday evening informal talks were made by E. M. Allen, executive vice-president National Surety and Edwin J. Cole, president National Association of Insurance Agents. The major speakers were Commissioner Heltzen of Rhode Island and Carl P. Dennett, chairman of the National Economy League.

#### New Hampshire Greetings

A. B. White, Keene, president of the New Hampshire association, gave the New Hampshire agents' welcome to the visitors. Fred R. Smith, chairman of New England advisory board, then reviewed activities of the board during the past year. His report was supplemented by remarks from Warren S. Shaw, Brockton, secretary-treasurer.

After following his prepared address closely, President Cole digressed before concluding to direct attention to the mounting volume of automobile premiums being lost to agents through finance company operations. He said some of the insurance companies were actively soliciting this business over the heads of their own agents. President Cole estimated that agents lose many millions in commissions through loss of automobile business handled outside their offices. He urged agents to encourage local bankers to lend for automobile purchase and then to obtain the insurance premiums for themselves.

Follett L. Greeno, Rochester, president New York State association, illustrated the value of preparedness on the part of agents and companies for fighting to preserve their business by reviewing the struggle in New York's legislature this year. He saw no signs of any permanent haven of slothful rest for insurance agents. Rather he counseled constant vigilance and readiness for action.

Tuesday's session was garnished and spiced with a sales skit sponsored by the Springfield Fire & Marine. Charles

### Set Basis for Valuation of Municipals at Year End

SEATTLE, July 10.—The valuation of securities committee of the National Convention of Insurance Commissioners gave the following report at the annual meeting here this week.

The convention publication of security values requires much preliminary work prior to the next meeting of the convention. The securities upon which valuations must be obtained are state, county and municipal bonds. To a considerable extent it is necessary to communicate with local banks and investment houses in order to determine the latest prices at which these securities have been traded. It is therefore highly desirable that the committee on valuation of securities consider the basis of valuation for this class of bonds and secure action of the convention on this subject in order that the convention's investment counsel may proceed with this work.

#### Quotations Out of Line

It is the opinion of the convention's present investment counsel that a number of the latest market quotations on representative state, county and municipal bonds are excessive and do not represent fair market prices that may be realized over a reasonable period of time. It is likewise said that the market quotations on some of these bonds that are in default are lower than a fair market value that may be expected to be realized over a reasonable period of time.

It would therefore appear that in the establishment of a valuation basis for state, county and municipal bonds account be taken of these apparent conditions and those charged with the compilation of the convention book on valuation of securities be authorized to make proper adjustments in accordance with the following principles:

1. That such securities not in default as to interest or principal be valued at the mean of the convention value of December 31, 1934, and the market quotations of July 1, 1935.
2. That such bonds in default as to

E. Freeman, secretary, from the home office, took the part of Mr. Loud Agent, Mr. Uninformed Agent and Mr. Service Agent, while making three separate sales talks to the prospect, played by Earl Dane of the Charles H. Philbrick agency in Providence. The prospect's secretary furnished all the scenery necessary. Mr. Service Agent proved to be the hero.

#### R. G. Hinkley's Address

A frank and novel note on agency-company relations was sounded by Ralph G. Hinkley, New England manager of the American of Newark and president of the New England Insurance Exchange. Mr. Hinkley, while offering no opposition to the oft-mentioned cooperation between agents and companies, contended that much of the present friction between companies and agents would disappear if all parties would realize that certain problems are primarily for either the agents or the companies, but not both, to solve.

Overhead writing was cited as an example of a problem to be solved by the

interest or principal be moderately adjusted in the judgment of the investment counsel to reflect fair market value which should result in approximately the mean of convention values of Dec. 31, 1934, and market quotations of July 1, 1935.

The following resolution is submitted to give effect to these recommendations:

#### Much Research Needed

"Whereas, It becomes necessary to make considerable research in order to establish fair market values for state, county and municipal bonds in insurance company financial statements as of Dec. 31, 1935, which work must be undertaken before the December, 1935, meeting of this convention,

"Resolved, That the committee on valuation of securities of the National Convention of Insurance Commissioners recommends the following basis of valuing bonds of states of the United States and of the provinces of the Dominion of Canada and political subdivisions thereof for the inventory of such securities in the annual statements of insurance companies as of Dec. 31, 1935:

"1. Such bonds where not in default should be valued at the mean of the values established by the National Convention of Insurance Commissioners for Dec. 31, 1934, and the market quotations of July 1, 1935.

"2. Where such bonds are in default values should be established by the publishers of the convention book containing security values with such reasonable adjustments of market quotations as are warranted by the circumstances involved in the separate issues. These adjusted values should approximate the mean of the valuations established by the convention for Dec. 31, 1934, and the indicated market quotations of July 1, 1935. These adjustments in values shall be subject to review by the committee on valuation of securities."

Superintendent Pink of New York presented the report at Tuesday's meeting and it was approved Wednesday.

agents alone. According to Mr. Hinkley, if agents would deal only with companies that respect their agents' territorial rights, the problem would be reduced, if not entirely eliminated.

On the other hand, Mr. Hinkley contended that rates are entirely a question for the companies, that proper determination of rates requires statistics from a larger territory than any agent can serve and that there has always been too much divergence of opinion among local agents' committees to make their assistance of any value in the preparation of rates.

Mr. Hinkley referred to the recent recommendation of Owen Wilson of Richmond, Va., that rates should be leveled off on the basis of actual experience to the class so that certain classifications would not carry a loading for less profitable ones.

This, Mr. Hinkley said, is undoubtedly true, and if the present abnormal loss ratios continue, such reductions must be made. At the same time, rates

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### Commissioners in Seattle Meeting

Convention Is Marked by Presence  
of Many New Officials on  
Hand First Time

SPECIAL TRAIN DELAYED

Movements Is Started to Overturn Official  
Slate Favored by the  
"Old Guard"

SEATTLE, July 10.—There is an effort being made by some insurgents led by Commissioner Sullivan of Washington to break the slate that had been prepared by the old guard for officers of the National Convention of Insurance Commissioners. Boney of North Carolina, whose reelection seemed assured, is not in favor with a caucus of 11 commissioners that was called. The point is made that Gough of New Jersey is a deputy and not a commissioner and hence is ineligible for the first vice-presidency. The stalwarts resent the raising of this technicality. If there be an upset, it will probably bring Palmer of Illinois and Sullivan of Washington near the high point of honor. The conservatives hope to avoid a contest.

By C. M. CARTWRIGHT

SEATTLE, July 10.—The annual meeting of the National Convention of Insurance Commissioners this year assumes the aspect of a brand new body so far as the officials are concerned. Since the last meeting the political holocaust has been severe so that the faces that were so familiar before are absent. The hurricane swept away the two vice-presidents and some of the executive committee.

The camp followers are here in numbers, the faithful being in attendance with a sprinkling of new ones who took advantage of the occasion to visit a section of majestic and impressive beauty. The special train that left Chicago the evening of July 4 carried 170 people.

#### Two Committees Meet

Owing to the Empire Builder wreck near Williston, N. D., the special on the Great Northern took a long detour over the Northern Pacific tracks from Fargo to Billings. This made the train a day late but the entire party went through Glacier National Park Sunday and reached Seattle Monday. Those aboard the special train had a delightful trip.

On Monday afternoon the executive and valuation committees met. That evening Commissioner W. A. Sullivan of Washington gave a dinner to the officers and executive committeemen. The visiting ladies were given a dinner at the Sunset Club.

The big bell was rung Tuesday morning for the first session with President

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## D. C. Boney Gives Frank Viewpoint

Head of Insurance Commissioners Discusses Workmen's Compensation Problems

### PAYS TRIBUTE TO AGENT

Repeats His Objection to the Principle of the Workmen's Compensation Guaranty Funds

SEATTLE, July 10.—At the annual meeting of the Insurance Commissioners' Convention here this week, Dan C. Boney of North Carolina, the president of the organization, in his annual address pointed with pride to the achievements of insurance in general in the face of financial adversity. He thinks that there is quite an upturn and said that many life companies seem to be making increases this year. There is a decrease in their mortality. The fire losses for the last two years have been the lowest in the history of the business. The casualty companies have suffered more than any other class, he said, but he finds that they are changing over to the more profitable channels. There have been some failures in insurance chiefly in the life field. There was only one large fire company that became seriously involved but it has been revived. Some of the life companies were taken over by others and there will be little or no loss to their beneficiaries. A few casualty companies have either liquidated or reorganized but the real loss compared with other lines is small.

#### Causes of Failures

In getting at the cause of failures President Boney said that some may be explained because of mistakes in judgment. Others became enmeshed through purely selfish motives. In a few cases there was downright dishonesty.

The first six months of this year, President Boney said, have been of particular interest because of the epidemic of legislative activities. Most of the legislatures have adjourned and with few exceptions legislation hostile to insurance has been defeated. Demands for additional taxes on premiums came from every direction. Some excellent measures were passed.

#### Compensation Guarantee Fund

President Boney decried the enactment of compensation guarantee fund laws which were passed in some five states including North Carolina. Under these statutes workmen's compensation carriers are required to put up a special fund that will ultimately total 5 percent of their gross compensation premiums as a special guarantee fund for payment of claims in those states where a compensation carrier fails, and does not meet its obligations. President Boney stated that in his opinion this sort of legislation creates a precedent that will eventually spread into other fields of insurance to the detriment of the business as a whole. In effect he said it establishes a mechanic's lien against the general assets of a company and gives preferential treatment to a certain class of claims. As was expected, Commissioner Boney said that some of the states immediately invoked retaliatory measures.

In sponsoring such legislation in North Carolina, Commissioner Boney said that he was trying to bring to the attention of the companies agreeing to the New York plan the ultimate ill effects that such preferential agreement would have if enacted into law. They

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## Chicago Board in Appeal for Voluntary Compliance

SENDS BULLETIN TO MEMBERS

Cites Severe Penalties But Asks Cooperation for the General Welfare in New Program

The Chicago Board this week is sending a bulletin to members calling upon them to give their full measure of cooperation for the common welfare in the new setup which became effective July 1, so as to avoid the necessity of imposing the severe penalties now provided for infractions of the rules. One bulletin went to class 1 members and to affiliated companies while the other went to suburban agents and brokers. The bulletins point out that the movement for stabilization in Cook county involves no change in commission and brokerage but does include new methods and machinery for enforcement.

The bulletins call attention to the fact that the rules and regulations of the Chicago Board constitute a voluntary code of fair practice and are worthy of the voluntary support of members.

#### Wish To Avoid Penalties

"The administration of your board earnestly requests and expects your cooperation for the common welfare," the bulletins state. "It is recognized that it will be necessary to impose penalties for failure to comply. The magnitude of the penalties is sufficient to accomplish this purpose and these penalties apply alike to all affiliated companies and all classes of membership. Your board of directors and officers, however, as far as possible, wish to avoid this means of enforcement. The avoidance of severe penalties can only prevail through the voluntary cooperation of companies and members."

"It is recognized," the class 1 bulletin states, "that there are cases, where existing conditions need correction and yet correction is hampered by the fact that two or more companies or members are involved in the question of prompt and proper adjustment. Any one of these may be reluctant to initiate correction. We are, therefore, tendering the good offices of the board to be used in such instances for the purpose of securing a harmonious solution. Companies and members are urged confidentially to fur-

## Van Schaick Will Speak at National Agents Meet

NEW YORK, July 10.—Former Insurance Superintendent G. S. Van Schaick will be one of the headline speakers at the annual convention of the National Association of Insurance Agents at Rochester, Sept. 21-24. One of the foremost commissioners of the country during his years as head of the New York department, he was first vice-president of the National Convention of Insurance Commissioners at the time of his retirement some weeks ago, and probably would have become president if he had continued in service. His interest in insurance affairs is attested through his becoming a member of the insurance committee of the Chamber of Commerce of the United States.

nish to the manager the names of offices where this condition exists and where assistance is needed. Such cooperation if given promptly will materially expedite the solution of this problem and avoid the necessity later of using drastic methods to secure compliance. In numerous cases members have already availed themselves of this privilege. If you really desire stabilization of your business will you not grant your full cooperation?

"The commission and brokerage limitations for all companies and all classes of membership are clearly set forth in the rules and regulations. No departure therefrom on business written after July 1, 1935, will be tolerated. Your observance thereof is fully expected. Failure so to do necessarily means that the full force of the rules will be invoked."

There is enclosed in the bulletins a blank whereon the members are invited to give the names and addresses of persons not now in compliance with the rules. The blank need not be signed. The members are asked not to put companies on the list unless they state also where the violation exists.

#### Board Investigation Starts

The department of investigation of the Chicago Board has sent to class 1 members a list of 33 class 2 and 3 operators in the city asking the class 1 members to state whether within the last six months, they have accepted either on a brokerage or agency business any fire business from those on the list. Those

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## Best in New Suit Against J. E. Dunne

Insurance Publisher Sues Rating Rival Charging Infringement of Copyright

### ISSUE IS OVER LIFE BOOK

New Yorker Charges Chicagoan With Lifting Portions From Best's Life Insurance Reports

The A. M. Best Company of New York has brought an action in the federal court at Chicago against J. E. Dunne, C. D. Dunne, his son, Dunne's International Insurance Reports, Index Publishing Company and Insurance Index, charging infringement of copyright. Some time ago Mr. Best filed a libel suit against the Dunnes. J. E. Dunne was served in Chicago just before leaving for the insurance commissioners meeting in Seattle.

The bill charges that Dunne's International Insurance Report, of Rome, London, New York and Chicago, which was just recently published, infringes the copyrights of Best's Life Insurance Reports. The Best attorneys state that a bill of particulars will be filed this week and that soon thereafter a preliminary injunction will be requested to prohibit the further sale by Dunne of his book pending the trial.

#### Contents of the Best Book

Best's Life Insurance Reports contain statistical and other information about the various companies, showing a statement of assets and liabilities, income and disbursements, gain and loss exhibit, classes and amounts of business in force, certain ratios derived from the statement, history, management and reputation, kinds of insurance written, forms of policies, growth of the company, officers, directors, territory and reserve basis. This book has been published for a good many years.

Dunne for a long time has been conducting in his magazine, the "Insurance Index," an attack on Best. Each month the "Insurance Index" carries a report on perhaps 20 companies all of which are given an "A" rating and are commented upon very favorably. The companies are then solicited to purchase reprints of these write-ups in pamphlet form.

Now, this year, Dunne has come out with a book containing the reports on the companies, the "A" rating however being omitted. Some of the companies have found the Dunne reports useful, because of the reputation established by R. G. Dun.

#### Points of Resemblance

The Dunne book resembles somewhat in format the Best publication and in the bill of particulars, attorneys for Best state that they will undertake to show that Dunne merely lifted comment on the companies from the Best book, changing a word here and there and even following certain errors made by Best.

The bill sets up that A. M. Best and others produced an original literary work, comprising a book containing statistics and information relating to life insurance companies. It states that the Best organization has always complied with provisions relating to copyrights and that in 30 years a great deal of money has been spent in getting out the book, training personnel and in the purchase of special machinery.

The Best book, according to the bill, (CONTINUED ON PAGE 23)

## THE WEEK IN INSURANCE

National Convention of Insurance Commissioners is holding forth in grand style in Seattle this week. Page 1

Annual meeting of New England Associations of Insurance Agents is held at Dixville Notch, N. H. Page 1

The National Convention of Insurance Commissioners decides upon the basis for valuation of state, county and municipal bonds for the 1935 annual statement. Page 1

Project to allow 10 percent credit in farm fire insurance rates where rural fire department service is available and where farm is equipped with telephone and adequate water supply is announced. Page 3

Chicago Board sends special bulletin to members, appealing to members to cooperate in new program for general welfare. Page 2

D. C. Boney, North Carolina commissioner and president of the Insurance Commissioners Convention, gives frank talk on workmen's compensation insurance and other subjects at the annual meeting. Page 2

Universal Adjustment quits Missouri in squabble over Attorney-General McKittick's charge it was doing law practice. Page 4

Insurance companies and Missouri insurance department file reply briefs in answer to arguments of those who are seeking to intervene and upset the Missouri rate compromise. Page 3

The A. M. Best Company sues James E. Dunne for infringement of copyright. Page 2

Stockholders of the Stuyvesant on July 18 will vote on the proposal to reduce capital from \$1,000,000 to \$500,000. Page 6

Program of Massachusetts governor and insurance commissioner to modify compulsory automobile liability law has been definitely defeated, but a compromise program is being offered. Page 20

C. W. Hobbs reviews the current situation in the compensation field in his report at the meeting of the National Convention of Insurance Commissioners. Page 27

Despite recent improvement in compensation results, little chance is seen of adoption of a liberalized underwriting attitude on the part of the companies. Page 20

Suits for occupational disease injuries at common law ruled out in two test cases decided by Illinois Circuit Court of Appeals. Page 20

Paul F. Seltz is elected president of the Freeport Motor Casualty of Freeport, Ill. Page 32

Massachusetts Accident to quit present forms of noncancellable accident and health contracts July 15. Page 27



## Predict Moderate Increase in 1935

Executives Anticipate No Better Than 5 Percent Improvement in Premiums

### DON'T SEE A BIG BOOM

Country Still Overbuilt, Fire Insurance Observers Feel—Investment Problem Still Is Acute

NEW YORK, July 10.—No big gain in fire premium income in 1935 is anticipated. Executives will feel gratified if they can record a five percent increase this year. If this percentage be exceeded, so much the better; but managers are figuring conservatively, arguing that so many cross currents are at work in the realm of politics and general business, that it would be unwise to anticipate too great a revival of prosperity. Many and serious are the obstacles yet to be surmounted before it can safely be said the depression is definitely ended.

#### Investment Problem

What executives are as deeply concerned with as premium volume is the proper investment of their funds, which in the aggregate run high into the millions, and must be of such character as to be readily convertible into cash with which to meet ever possible conflagrations. The most liquid type of securities, of course, are obligations of the federal government, and these are held to a considerable extent by all companies, supplying the back log for their general portfolios. In restricted degree the bonds of certain states and municipalities are being bought, though this class of securities is not favored to anything like the extent of predepression years.

In the opinion of certain company executives the most attractive investments just now are stocks of high grade industrial concerns, notably those manufacturing food products. Oil corporations are likewise favorably looked upon, the demand for the product steadily increasing while the legal impediments are less important.

Whether the country will again be blessed with a loss record comparable to that of 1934, or with an increase in the percentage of fires should general business take an up-turn, time alone will tell.

#### Rate Trend Downward

If a gain in general premium income is to be had this year, it must result largely from new business offerings. The whole trend of rate averages for years past has been steadily downward; a process that seems destined to continue as old high rated buildings are no longer profitable for their owners, and are being razed and replaced by structures of a more enduring, and hence lower rated, character.

Stocks of merchandise, once productive of a heavy premium income, are no longer carried to such extent as formerly; present day methods of shipment from factory to dealer, without the intervention of middlemen, eliminating the need for holding substantial inventories. While there is a certain amount of new building going on the country over, it is not likely to obtain to any great extent, for in virtually every one of the leading cities, both east and west, the erection of hotels, apartment houses, office, mercantile, industrial and

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## Answer Made to Would-Be Intervenor in Missouri

REPLY BRIEFS ARE FILED

Companies, Department Submit Arguments to Federal Court—Sue for Return of State Court Fees

Counsel for the Missouri insurance department and the fire insurance companies have filed briefs in the federal court at Kansas City, answering the argument of Attorney R. M. Sheppard who seeks to intervene in the Missouri rate case and upset the proposed settlement of that case.

The companies contend that Sheppard deals with points in the compromise which was never filed of record and is not before the court. The companies' brief states the court has a right to assume that the five policyholders represented by Sheppard do not have exceeding \$1 each at stake, and that the idea of policyholders with perhaps \$5 of premiums involved upsetting the orderly process of the law is shocking.

#### Ample Representation Seen

The companies contend that the policyholders were amply represented by the insurance superintendent.

The reply of the insurance department stated that the intervening petition was a collateral attack upon the rate order of May 22, 1935, and that such rate order was immune to such an attack.

Homer Berger, one of the attorneys for the companies, was quoted as saying critics of the compromise plan are going on the assumption that the state was sure to win the case. As a matter of fact, he pointed out that a special master appointed by the federal court found in all cases that the orders of the insurance superintendent would be confiscatory upon the companies. That report of a special master is on file. The companies are giving up their claim to one-fifth of the impounded money and are paying all costs. He said Insurance Superintendent O'Malley is not giving up anything that belongs to the policyholders.

The issue was further complicated by the filing on the part of Sheppard of a second bill of particulars, giving details of a second agreement between O'Malley and the companies in which O'Malley would be paid another \$200,000 in settlement of residual claims growing out of the old rate reduction order of 1922.

#### Explanation Is Made

Mr. Berger explained that this second \$200,000 is not connected with the case now pending before the federal court. The companies had refunded a total of about \$12,000,000 of excess premiums collected from 1922-29 and they had left about \$1,500,000. That represented money due policyholders who could not be located. Suit was started to compel the companies to pay the residue to the insurance department and to refund interest on the entire \$13,500,000.

The court held that the companies were not liable for interest on money already refunded but that the \$1,500,000 unrefunded premiums, plus interest, should be impounded.

There was a discrepancy of \$600,000 between the amount the companies claimed that they owed the state and the amount that the court claimed was owing. There was an audit and the examiners found that there was an actual discrepancy of about \$160,000. That sum was in controversy in the state court. The second \$200,000 payment to O'Malley was proposed in order to settle the old rate case.

O'Malley was reached at the Troutdale-in-the-Pines resort in Colorado and said the \$200,000 payment to the insurance department was for legitimate ex-

## Virginia Chief



DONALD C. HANCOCK

Donald C. Hancock of Richmond, the new president of the Virginia Association of Insurance Agents, is a native of his city, having been born there 48 years ago. He started his business career with the real estate firm of Elam & Funsten in 1906, when he was 19 years of age. He had been with it continuously. He has been manager of its insurance department since 1923. He established its insurance department by taking the agency of the Queen. He is a past president of the Richmond Insurance Exchange. He has also served as president of the Richmond Real Estate Exchange and during the last year has served as chairman of the city equalization board. During the last year he has been chairman of the executive committee of the Virginia Association of Insurance Agents.

penses. He said nothing is wrong anywhere in the case.

The insurance department has filed a motion in the Cole county circuit court at Jefferson City demanding that T. S. Mosby be compelled to return \$20,000 to the impounded premium fund of the state court. Mosby was paid this money from the funds as legal adviser to Guy M. Sone, circuit clerk of Cole county. Previously the insurance department filed a motion asking that Sone be required to refund payments to him from the fund.

The insurance department contended the court did not have authority to appoint Mosby without proper notice to the parties in the cause of action; that in any event there was at no time necessity for appointment of a special counsel regarding the handling of the funds; that it is the duty of the court to advise its officers and agents relating to their duties and such duty cannot be delegated to others at the expense of funds entrusted to the custody of the court. It was alleged if Mosby has performed any services they have not been for the benefit of the rightful owner nor have they increased the value of the fund. Finally it was contended that Mosby in any event has been grossly and excessively overpaid.

#### N. F. P. A. 1936 Meeting

The 1936 annual meeting of the National Fire Protection Association is to be held in Atlantic City the week of May 11.

Announcement is made that H. P. Smith has resigned as chairman of the committee on automatic sprinklers and is succeeded by C. W. Johnson of the North America.

George Kumpf, 77, Kansas City broker, died at a hospital there. He had been in the insurance business there since 1887.

## To Recognize Farm Fire Departments

Farm Association Votes to Give 10 Percent Rate Credit

### TELEPHONE PEOPLE AID

Must Meet N. F. P. A. Standards and There Must Be Telephone, Adequate Water Supply on Farm

A rural fire prevention project which has been in process of development for two months has now progressed to a point where its success appears assured and where it seems to promise far-reaching results in the direction of extending motorized fire protection to the farms. Towns and cities have long enjoyed the advantage of fire protective equipment and organization, while the rural districts have been largely at the mercy of fire, except for an occasional community which was provided with limited service, although such service was generally provided without regard for minimum standards of equipment and organization, and except for a small area in New England, with no provision for rural water supplies.

The project grew out of the agitation carried on during the last year by the Independent Telephone Association, which has in its membership 6,400 individual companies in 11,800 communities. This association had the assistance of Cliff C. Jones of the R. B. Jones & Son agency and Kansas City F. & M., of Kansas City, in championing recognition of the telephone in a farm home as a defense against the spread of fire. This group sought a rate credit for a telephone in a farm home and they presented their case to the managing committee of the Farm Underwriters Association early in May. After much discussion the managing committee concluded that the case was not sufficiently strong to warrant the proposed concessions.

#### Counter Proposal Made

At the conclusion of this conference I. D. Goss, farm manager of the America Fore, who is chairman of the agricultural committee of the National Fire Waste Council and chairman of the fire prevention committee of the Farm Association, presented a counter-proposal. He stated the telephone alone could not be regarded as of sufficient tangible value as a protective device to warrant a rate credit but that the telephone might be made an essential part of a rural protective system. The other things necessary to complete the system would be a rural fire department and a water supply available to each farm. Mr. Goss outlined a three-point program as follows:

1. A rural fire department organized and equipped to meet the minimum requirements for rural fire departments contained in the published code of the National Fire Protection Association. This code was prepared by C. R. Welborn of the Underwriters' Laboratories.

2. An adequate water supply for each farm. If no natural supply in reach, a reservoir or fire cistern of stipulated capacity to be constructed.

3. A telephone with which a fire alarm could promptly be sent to the central operator to insure the quick response of the fire department.

The telephone would be an essential part of this system, for without such means of communication the fire department could not be notified; and the fire

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## Adjustment Company Quits Missouri in Legal Squabble

### CLAIMED PRACTICING LAW

Refusal of Time Extension on Hearing Date Under Attorney-General's Charges Is Cause

Adjusting companies throughout the country have been somewhat concerned over the test case started in Missouri by Attorney-General Roy McKitterick to determine whether adjusting companies can continue to engage in functions which he claims constitute "practicing law." On his complaint—it is understood filed at request of the Missouri Bar Association—the Universal Adjustment & Inspection Co. of Kansas City was ordered to appear before the state supreme court sitting en banc at Jefferson City, to show cause why it should not be adjudged guilty of usurping privileges, franchises, rights and authorities not granted by the state of Missouri in "wrongfully and illegally engaging in the practice of law," and why it should not be prohibited from engaging in the law business, why its corporate charter should not be forfeited, and why it should not be fined.

#### Adjustment Company Retires

The Universal Adjustment is winding up its affairs in Missouri and will no longer operate in the state. President A. G. Hawthorn, Kansas City, asked for more time when the hearing was set for July 5. The attorney-general's office consented to extend the time 15 days if

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## Bennett Feature Speaker at Lunch of Agents Groups

Secretary W. H. Bennett of the National Association of Insurance Agents, who is attending the annual meeting of the Insurance Commissioners Convention at Seattle, will be the featured speaker there Friday at a luncheon given by the King County Agents Association and the Washington Insurance League. He will go next week to attend the American Bar Association meeting at Los Angeles and while there will speak before the Los Angeles Insurance Exchange. He will then back track to San Francisco and will speak before the San Francisco Brokers Exchange and will go across the bay to address the Oakland agents at a luncheon.

#### Expect Big Attendance

Several hundred, representing all branches of the northern California insurance fraternity, are expected to attend the luncheon for Mr. Bennett in San Francisco July 23, under the auspices of the Insurance Brokers Exchange. Invitations have been extended to all company organizations and representation is expected from the California Association of Insurance Agents, a number of local groups including the San Francisco Life Underwriters Association, Casualty Insurance Association, Accident & Health Club of San Francisco, Board of Fire Underwriters of the Pacific, National Board, the several automobile underwriters organizations, state and city officials. Governor Merriam has signified his intention to be present as well as Mayor Rossi of San Francisco.

Music and entertainment will be furnished by the glee club of the San Francisco Blue Goose, and Stephen Malatesta, president of the exchange, will preside.

The luncheon for Mr. Bennett in Seattle Friday will be under the auspices of the Washington Insurance Agents League and King County Insurance Association. George R. Thieme of Seattle, chairman of the executive committee of the Washington agents, will preside and C. B. White, national

## No Blanket Examinations Are Intended in Kentucky

Fire insurance companies operating in Kentucky which recently received letters from Commissioner McKay Reed inquiring when they were last examined, find through the National Board, which took the matter up direct, that the commissioner does not intend to examine out-of-state companies if they have been examined by some other state within the last four years. The commissioner stated that while most life companies regularly furnish the department copies of examination reports, many fire and casualty companies do not do so. Some, he said, neglect to show the date of the last examination in their annual statements. This prompted his letter.

## Former Commissioner Reece Now Merely Number 27,153

Henceforth, for "not more than 10 years," Joseph I. Reece, former Tennessee insurance commissioner, will be known as "No. 27,153" in the state prison. He was returned last Saturday from Tampa and was immediately placed in prison. His conviction of theft of \$90,000 bonds from the department recently was affirmed by the Tennessee supreme court. Reece when asked for a statement passed out a penciled memorandum attacking Governor Hill McAlister. Reece failed to respond to a summons of the supreme court last week.

## New Ohio Commerce Director

COLUMBUS, O., July 10.—W. Paul Wagner has been appointed director of commerce of Ohio. The insurance division comes under this department.

#### Incorporate Nebraska Association

The Nebraska Association of Insurance Agents has been incorporated.

## Seeing America with Commissioners

A large party of insurance commissioners and camp followers, largely from the east, middle west and south were royally entertained in Chicago during their stopover enroute to Seattle. In addition to the magnificent entertainment provided by M. A. Kern and his brother, L. D. Kern, who operate the Alliance Life of Peoria, Ill., a party of commissioners was entertained the evening before on the yacht of James S. Kemper, president of the Lumbermen's Mutual Casualty, and another group that evening were guests of Ray Smith of Chicago, vice-president of the A. M. Best Company.

The guests arrived at the country estate of M. A. Kern called "Lexington Fields," about noon on the Fourth of July, which was a bright day. In the driveway they were confronted with a

councilor, Seattle agent, will introduce Mr. Bennett.

C. M. Cartwright of Chicago, managing editor THE NATIONAL UNDERWRITER, who was present as a reporter at the original meeting when the National association was started, will introduce four insurance commissioners who will be special guests—Boney of North Carolina, Julian of Alabama, Palmer of Illinois and J. H. Johnson of Mississippi, the latter being a former president of the Mississippi agents body.

Frank Bellinger of Bellingham, general chairman for this year's convention of the Washington League, will tell something of the plans for the annual meeting to be held in his city Aug. 22-23.

## Formal Papers Presented at Commissioners' Meeting

### W. A. SULLIVAN WAVES FLAG

Sings Song of Coast Insurance—Leighton Foster Covers Auto Insurance Legislative Issue

SEATTLE, July 10.—Commissioner Sullivan of Washington in his talk Wednesday to the insurance commissioners convention on "Western Insurance," said the far west opened a new but promising field for insurance.

San Francisco needed fire insurance and fire prevention. J. P. Haven opened a general agency for the Liverpool & London & Globe in 1852. This was followed by other companies taking pioneer steps. Distances from headquarters, however, were a decided handicap. This led to the organization of domestic companies near the paternal soil.

The gold rush caused an increase in premiums and San Francisco became the real coast insurance center.

#### Life Company Beginnings

While life insurance started there in 1853 it did so with infantile steps. In 1867 a California life company started. The following year a state insurance department was established. On the coast there are 17 major fire companies, eight in California, three in Washington, two in Colorado, two in Utah, one each in Oregon and Montana. There is \$5,000,000 in premiums written by local farm mutuals.

The San Francisco fire increased the opportunity for coast companies as some others failed and still others withdrew. In 1929 they were writing 25 percent of the premiums.

The coast has developed some progressive casualty and automobile companies. In 1906 the promotion of life insurance started. There are now 28 life companies in the coast territory. These companies write from ten to 25 percent of the business in these states.

(CONTINUED ON LAST PAGE)

## Ohio Field Organizations Hold the Summer Gathering

### SESSIONS AT CEDAR POINT

Fire Underwriters Association, Preventionists Hold Forth—R. E. Vernor Featured—About 80 Attend

#### By J. C. O'CONNOR

CEDAR POINT, O., July 10.—The annual summer gathering of the Ohio field organizations is being held here, with not too much business to interfere with the social and sports features.

The Ohio State Fire Prevention Association, with President Harold D. Smith of the Detroit Fire & Marine in the chair, met immediately after the Ohio Fire Underwriters Association gathering. R. E. Vernor was the featured speaker and as an added attraction J. W. Just presented acts of magic.

Meetings in regard to agency balances were held in the afternoon. The balance situation in Ohio has improved considerably and the field men have developed a routine procedure which has made action easier and smoother.

#### Many Entertainment Features

Following the business meetings, the entertainment committee under Carol MacGregor of the Boston took charge. A golf tournament for both men and women was held at Plumbrook country club, the men competing for the tournament cup in blind bogey. For the less athletically inclined auction and contract bridge were played at the hotel.

The banquet was held in the evening at the Breakers and was followed by dancing, a section of the large dining room being reserved for the convention. Although the meeting was announced for Tuesday and Wednesday no official functions were held on Tuesday and few members arrived before Tuesday afternoon. Early arrivals busied themselves with golf and swimming, aided by good weather, with swarms of sandflies the only drawback.

About 80 field men attended, a goodly proportion of whom brought their wives. A number of them dodged the expensive tariff of the Breakers by staying in Sandusky and driving or ferrying to the meetings. John Rygel, assistant western general agent of the Hanover, and J. A. Benz, assistant western manager of the Sun, were on hand. Paul Bowers of Cincinnati represented the Western Adjustment.

Mr. Just has recently toured the west with "Smoky" Rogers, the fire clown, presenting before school audiences an exhibition of magic intended to impress his hearers with the danger of fire.

R. W. Nelson, Home, was elected head of the fire prevention association. Vice-president is H. P. Winter, America Fore; secretary W. W. Waters, Ohio Farmers.

## Commissioners Deplore the Bay State-Washington War

SEATTLE, July 10.—The insurance commissioners as a rule are not disposed to join in the merry war between Massachusetts and Washington over the order of Commissioner De Celles of the former state that checks in payment of claims should be drawn on banks near at hand in order to avoid delay in the cash benefits reaching the claimant. Commissioner Sullivan of Washington immediately retaliated by ordering Massachusetts' companies to pay Washington claims from funds on deposit in Washington banks. Commissioners here say that the Massachusetts officials undoubtedly acted without proper knowledge of the situation. They deplore the invoking of retaliatory measures on minor issues, saying that action of this kind serves to gum the machinery.

McKay Reed, the new insurance commissioner of Kentucky, joined the party in Chicago and won many friends, but he felt obliged to return to Louisville without going to Seattle, because of the hot primary fight in his state. He is working for the organization candidate for governor, Rhea. Mr. Reed has a most breezy and friendly manner and after a few minutes is on a first name basis with whomever he is conversing. While in Chicago, he was met by George H. Parker, head of the Kentucky Actuarial Bureau, and had a session with officials of the Western Actuarial Bureau.

Texas polled a 100 percent attendance, the three commissioners, R. L. Daniel, R. S. Mauk and R. G. Waters, registering. The latter is the new casualty commissioner. Miss Elsie Leavy, deputy commissioner, was also with the party. Mr. Daniel's daughter, Miss Vivian, was with him. His son, W. O. Daniel of Dal-

(CONTINUED ON LAST PAGE)



STEADY GROWTH

in the

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*Insurance Protection*

COMMERCE

INDUSTRY

HOMES

FINANCIAL

STRENGTH

FIRE  
CASUALTY  
MARINE  
ALL RISKS  
AND ALL  
ALLIED  
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NEW YORK

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ATLANTA

THE OCEAN ACCIDENT & GUARANTEE CORPORATION LTD.  
THE BRITISH GENERAL INSURANCE COMPANY, LTD.  
UNION ASSURANCE SOCIETY, LIMITED

SAN FRANCISCO

## STATEMENT AS OF DECEMBER 31, 1934

ASSETS	
Mortgage Loans .....	\$ 97,650.00
*Bonds .....	3,456,030.00
*Stocks .....	3,889,162.00
Premiums in Course of Collection.....	680,711.83
Interest Accrued .....	39,301.75
Cash on Deposit and in Office.....	874,957.36
Missouri Premiums Impounded.....	63,661.08
	<b>\$9,101,474.02</b>
LIABILITIES	
Unearned Premium Reserve.....	\$3,836,286.86
Unadjusted Losses .....	254,537.00
Reserve for Taxes and Other Claims.....	225,000.00
Missouri Impounded Premiums.....	62,828.40
Capital Stock .....	\$1,000,000.00
Net Surplus .....	3,722,821.76
†Surplus to Policy Holders.....	<b>4,722,821.76</b>
	<b>\$9,101,474.02</b>

\*Valuations on basis approved by National Convention of Insurance Commissioners.  
†On the basis of December 31, 1934. Market Quotations for all Bonds and Stocks owned, this Company's total admitted Assets would be increased to \$9,128,716.02 and Surplus to Policyholders \$4,750,063.76  
Securities carried at \$62,890 in above statement are deposited as required by law.

HARRY H. CLUTIA, President  
THEODORE PLESSNER, Vice Pres. & Treas.  
WILLIAM WILLIAMS, Secretary  
ROBERT L. PARSONS, Secretary  
GARRETT A. GOETSCHUIS, Secretary  
RICHARD W. WETZEL, Asst. Secretary  
CHARLES H. CONKLIN, Asst. Secretary

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# Northern Insurance Company of New York.

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Celebrating 70 YEARS of SERVICE

1865

1935

## SUMMER... DESTROYER OF HOMES!

Electrical storms—high winds—spontaneous combustion—all these summer hazards conspire against homeowners, threaten their homes with FIRE!

Each offers distinct opportunities for the alert Agent to sell Fire Insurance.

May we show you how these hazards could increase your volume and profits? Your inquiry obligates you in no way.

Wm. F. Kramer  
Secretary



Special Agents  
Harry J. Favorite  
Michael Krauss

An independent Ohio Company with a current Surplus to Policyholders of \$1,065,871.

## NEWS OF THE COMPANIES

### Capital Reduction Proposed

#### Stockholders of Stuyvesant to Vote on Proposition to Reduce Capital from \$1,000,000 to \$500,000

NEW YORK, July 10.—Stockholders of the Stuyvesant at a special meeting July 18 will pass upon the recommendation of its directors that capital be reduced from \$1,000,000 to \$500,000 through a change in the par value of shares from \$10 to \$5 and to increase the membership of the board from 18 to 21.

The reasons for the proposed changes, as set forth in a circular letter to stockholders by President J. S. Frelinghuysen, are that the existing surplus of the Stuyvesant is too small to warrant the company's actively reentering the field, as contemplated since reserves required on new business would soon call for a substantial figure. Assuming that the stockholders will assent, the company would have a net surplus of \$508,000, over and above its capital of \$500,000.

The Stuyvesant had a reinsurance arrangement with the Globe & Rutgers which continued until the G. & R. was taken over for rehabilitation in 1933. A month later the remainder of the Stuyvesant's portfolio was transferred to the United States branch of the Pearl.

Mr. Frelinghuysen, former United States senator from New Jersey, is president of the Stuyvesant and also president of the American Home Fire.

### New Farmers Union Carrier

OMAHA, July 10.—H. G. Keeney, president of the Nebraska Farmers Union, announced this week the formation of the Farmers Union Industries Mutual. Offices are to be in the state union headquarters building at 39th and Leavenworth streets. John H. Bolin was named manager. Farmers Union properties in Nebraska, valued at about

\$20,000,000 will be covered by the company.

Besides Mr. Keeney, the directors will include B. L. Peters, manager Farmers Union Cooperative Insurance Company of Nebraska; Carl Schmuelle, Diller; Walter Burgess, Columbus, and Con McCarthy, manager of the state exchange at Omaha.

The charter permits coverage for other cooperative organizations which are able to qualify.

### Trustees Are Elected

Vacancies on the board of trustees of the Atlantic Mutual, due to death of James Brown and Richard Young, were filled at the quarterly meeting by election of T. M. Brown of Brown Brothers, Harriman & Co. and P. G. Craig, vice-president of the Atlantic Mutual.

### Pearl's Head Office Figures

Interest is taken in the head office statement of the Pearl of London, which has now been made available here. Assets amount to £96,602,631, unearned fire and marine premiums £864,541, funds held under life insurance or other special departments £73,853,953, capital £1,500,000 and net surplus £18,972,389, increase nearly £5,000,000.

### Leaves Union of Indiana

Fred Doeppers has resigned as manager of the underwriting department of the Union of Indiana. He had been with the Union 15 years, prior to which he had field and local agency experience. His early training was in the home office of the German Fire of Indiana, of which his father was an officer. Mr. Doeppers' ability as an underwriter, both for automobile and fire lines, is widely recognized. It is understood that he expects to reenter the business in the near future, either as a department manager or general agent.

## AS SEEN FROM CHICAGO

### MRS. BELCHER WIDENS FIELD

Mrs. K. L. Belcher, general agent for the Eagle Fire of New Jersey and the Baltica, the reinsurance companies, is extending her activities. In addition to reinsurance work, she is now engaged in direct brokerage business having nationwide binding authority for the National Fire & Marine of Elizabeth, N. J. Associated with Mrs. Belcher in her reinsurance work is Howard Archer, who is engaged in planting the Eagle Fire and Baltica in agencies throughout the middle west. Those companies do not write a direct business, but in planting in local agencies, they get their reinsurance at the source. Mr. Archer at one time was the western representative for the Meserole companies.

\* \* \*

### MERCHANDISE AND FIXTURE FORM

The June issue of the "Fire, Casualty & Surety Bulletins," published by THE NATIONAL UNDERWRITER, is featured by a discussion of the new merchandise and fixture form which has become so popular in middle western territory. The bulletins, in addition to giving a complete example of premium computation, involving every possible change which can take place under this form, give a number of practical suggestions for adapting it to individual risks, with a view toward giving each assured complete protection at a minimum cost.

Among the points frequently misunderstood by producers are the \$100 minimum premium requirement, which applies to each policy and not to the entire risk, the fact that specific insur-

ance is credited only if it is in force at the time of loss, and not merely if in force when the policy is endorsed on the 20th of the month which makes it essential to endorse the merchandise and fixture form immediately when specific insurance expires and is not renewed, and that it is frequently advantageous to exclude fixtures from the coverage and insure them specifically. This condition exists where fixtures may be written for three or five years, whereas the merchandise and fixture form may be written for one year only and also where fixtures may be insured with less than 100 percent coinsurance. However, they should be included with merchandise whenever it is necessary to build up the M. & F. premium to the \$100 minimum.

There is no question but that the merchandise and fixture form represents one of the most progressive steps in fire underwriting in recent years, according to Editor J. C. O'Connor of the "Bulletins." The new supplemental contract may be written in connection with it in jurisdictions and on risks where both are authorized and the combination gives the assured a comprehensive and adjustable coverage which provides definite competition for marine forms. Since they are open to any agent or broker, they give the producers in smaller centers a chance to meet outside competition on large risks.

\* \* \*

John L. Mowatt, Jr., in the western department of the Aetna Fire, recently completed the three years' work of the Insurance Institute and graduated cum laude.

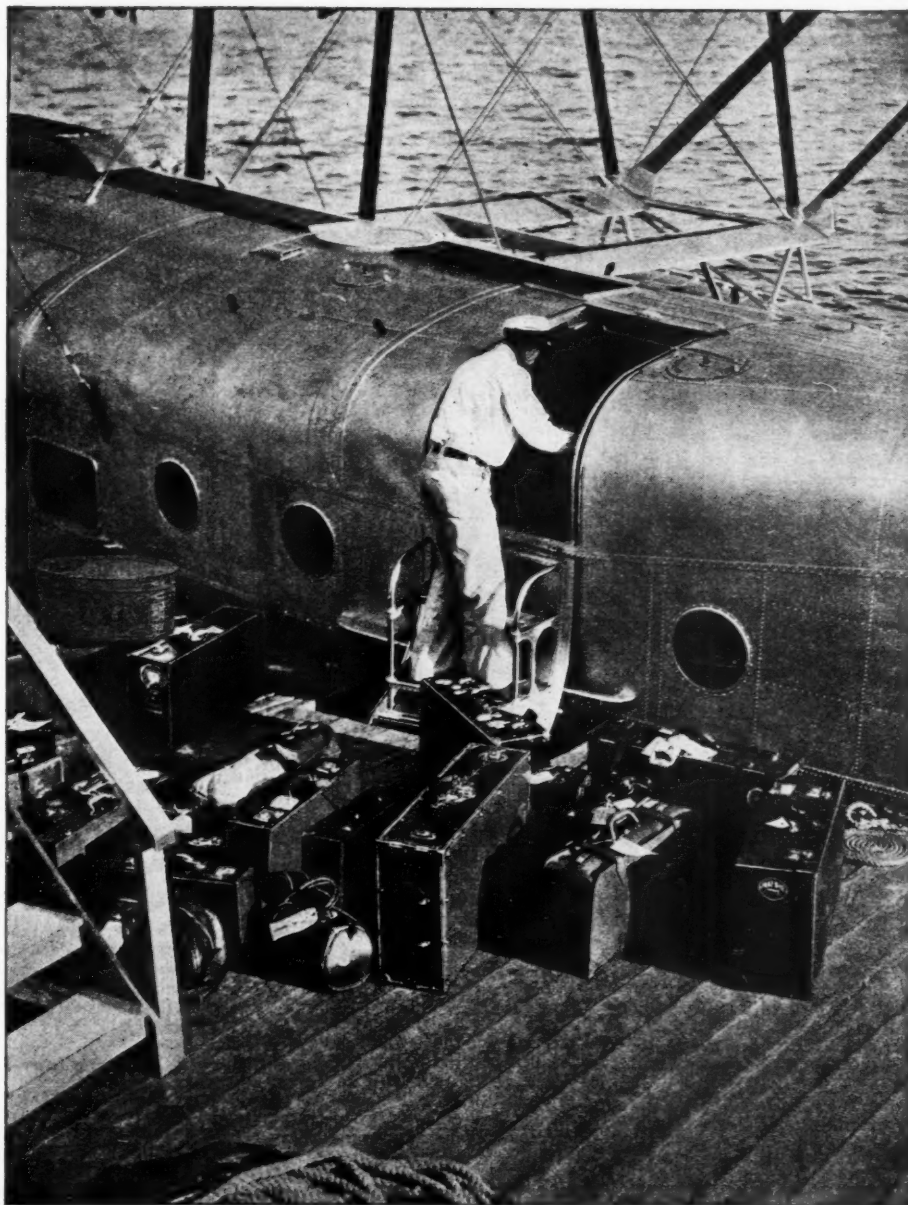


# The Same Difference

THE same difference that exists between old-fashioned luggage and up-to-date traveling equipment exists between the old-fashioned Tourist Baggage policy and modern Personal Effects Floater coverage.

Today, ordinary activities continually subject personal belongings to damaging and destructive hazards. At restaurants, hotels and country clubs they may be damaged, lost or stolen; they are similarly endangered while being transported or while at the laundry or cleaners.

A Personal Effects Floater policy in a Company of the Royal-Liverpool Groups will protect an insured against losses of this type in practically all situations away from his permanent residence.



COURTESY PAN AMERICAN AIRWAYS, INC.



## PERSONAL EFFECTS

insurance is needed by every one—whether or not he travels. For information regarding up-to-date underwriting and selling facilities for Personal Effects insurance and other Inland Marine lines, write to

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ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N. Y.

AMERICAN & FOREIGN INSURANCE COMPANY • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA  
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FEDERAL UNION INSURANCE COMPANY • THE NEWARK FIRE INSURANCE COMPANY • ROYAL INSURANCE COMPANY, LTD. • STAR INSURANCE COMPANY OF AMERICA

## NEWS OF FIELD MEN

### Price Rhode Island Manager

Becomes General Agent for Phoenix of Hartford and Secretary of Equitable F. & M.

Joseph L. Price is to be placed in charge of the Rhode Island territory for the Phoenix of Hartford group, with headquarters in Providence. He has been given the title of general agent of the Phoenix and of the Connecticut and is elected secretary of the Equitable Fire & Marine of Providence.

State Agent C. E. Hurst and Special Agent C. H. Senter, who have been handling the business of the group in Rhode Island, are being transferred to other fields.

Mr. Price heretofore has been special agent in eastern Pennsylvania for the Phoenix group with headquarters in Philadelphia. Formerly for a good many years he traveled in Louisiana.

### PAUL WILSON TRANSFERRED

Paul Wilson, Kentucky state agent of the Phoenix of Hartford for the past four or five years, has been transferred from Kentucky to eastern Pennsylvania to succeed Mr. Price and has resigned as keeper of the golden goose egg of the Kentucky Blue Goose. Marshall Mellor, state agent Home of New York, has been named to fill the vacancy.

No successor to Mr. Wilson in the Kentucky field has been announced.

### W. E. Bonner Chosen as New Head of Texas Blue Goose

DALLAS, July 10.—W. E. Bonner, Commercial Union, has been elected most loyal gander of the Texas Blue Goose, succeeding W. L. Moore, Gross R. Scruggs & Co., who had held the office for two terms. Other officers have been named as follows: Supervisor, Gordon S. Yeagan, Trinity-Universal; custodian, Paul Love, Empire State; guardian, Frank L. Brackney, American of Newark; keeper, E. R. Schoen, Cotton Insurance Association; welder, A. H. Haynes, Texas Inspection Bureau; guards, W. H. Grice, Glens Falls; H. H. Sands, Royal; Charles L. Beale, Yorkshire; W. E. Berry, Gross R. Scruggs & Co.; John Brett, General Exchange, and Tom W. McAfee, National Union.

R. C. McConnell, Royal, and Mr. Love were elected delegates to the grand nest meeting at Atlantic City with Will C. Thompson, Knight, Baker & Harris as alternate. In appreciation of their services, members presented

Mr. Moore with a leather carrying case and Mr. Haynes with a leather brief case.

In the golf tournament Edward Wright, National Union, won the low gross medal and Milton B. Elbert, Phoenix of Hartford, low net.

### W. Va. Field Meeting

The West Virginia Fire Underwriters Association is holding forth this week at White Sulphur Springs, W. Va. A vice-president is being elected to succeed R. M. Simmonds, who was recently transferred from West Virginia to Tennessee by the Liverpool & London & Globe. S. F. Nininger, vice-president of the Queen, and chairman of the West Virginia supervisory committee, was scheduled to be in attendance, and there was to be an address by Fred B. Watkins, state fire marshal. H. A. W. Happer of the America Fore is president; E. C. Douglass of the North America is chairman of the executive committee and A. S. Whiteley is secretary-treasurer.

### Kentucky Balances Better

LOUISVILLE, July 10.—At a meeting of the Kentucky Fire Underwriters Association here Monday, reports from field men indicated balances in good shape. Of course there are a few chronic cases, but as a whole the situation is materially improved. There will be no August meeting.

### Indiana Field Rearranged

C. R. Dobbins has resigned as special agent of the American of Newark in Indiana and Western Manager Robe Bird announces a readjustment of the Indiana field, State Agent Jas. A. Bawden being assigned the southern half of the state and Morris Crain as special agent for the northern half with Harold A. Hausmann as his assistant. Mr. Crain is moving his headquarters from South Bend to Indianapolis. Mr. Dobbins who made his headquarters at Bedford has not announced plans for the future.

### Reelect Warr at Baltimore

E. H. Warr, chief of the salvage corps, was reelected most loyal gander of the Chesapeake Blue Goose at the annual meeting in Baltimore. Other new officers are J. F. Knell, supervisor; R. A. Jonscher, custodian; Harry Hazelhurst, Jr., guardian; F. W. Brundick, keeper, and E. S. Windsor, welder.

### Alamo Pond Elects Calhoun

SAN ANTONIO, TEX., July 10.—The Alamo Blue Goose elected J. H. Calhoun, North British & Mercantile, most loyal gander; T. G. Sellers, of the Griswold-Sellers Adjustment Company,

supervisor; C. B. Crow, Trinity-Universal, custodian; R. R. Dean, Fire Companies Adjustment Bureau, guardian; J. H. Lumpkin, Firemen's group, welder. Mr. Sellers is grand nest delegate with Eugene Branshaw, Yorkshire, as alternate.

### Michigan Executive Committee

R. N. Menzies, Great American, president of the Michigan Fire Underwriters Association, has named his executive committee: G. R. Pritchett, American of Newark; J. F. Rogers, North America; G. C. Meehan, Commercial Union; L. J. Gilmour, Continental, and G. R. Edleman, Home of New York.

### Names Pollard in Oklahoma

The Buffalo has been licensed in Oklahoma and has appointed as special agent J. R. Pollard, with offices in the Ramsey Tower, Oklahoma City. Mr. Pollard, until recently, was state agent for the Superior of the Firemen's group and also handled the Metropolitan Casualty and Commercial Casualty. He was with the Fidelity Union of Texas when its business was taken by the Firemen's several years ago.

The Superior is now being handled in Oklahoma by William Miller, Jr., of the Firemen's force.

### Install Oregon Pond Officers

PORTLAND, ORE., July 10.—Most Loyal Gander W. O. Cassell of Seattle was guest of honor and installed these new officers of the Oregon Blue Goose: P. L. Growney, most loyal gander; D. G. Allen, supervisor; J. C. Hill, custodian; L. N. Brainerd, guardian; W. E. Schuffer, keeper, and L. R. Centro, welder.

### Jennings with Automobile

Otto D. Jennings has been appointed special agent in Virginia for the Automobile and Standard Fire. He will serve as assistant to State Agent Allan A. Warfield. Mr. Jennings, who has established headquarters in Richmond, Va., was formerly special agent for the Aetna Casualty in Virginia.

### Heinz Executive Committee Head

The executive committee of the Indiana Fire Underwriters Association organized Monday by electing G. L. Heinz, Springfield Fire & Marine, as chairman. F. E. Dukes is president of the association.

### Continue Inter-School Contest

The Sunflower (Wichita) puddle of the Kansas Blue Goose has voted to continue the inter-school fire prevention speaking contest conducted in Wichita during Fire Prevention Week since 1930 when it was inaugurated by the old Central Kansas Field Men's Club.

### Kreiger With Whalley & Co.

R. V. Kreiger has been named special agent in northern California for the John

### Young Allison Leaving "Weekly Underwriter"

Young E. Allison, formerly president of the "Insurance Field" and more recently editorial director of the "Weekly Underwriter" of New York, has retired from the latter publication and has returned to his Louisville home. Mr. Allison aside from general duties has been acting as life insurance editor.

A. Whalley & Co. general agency. He will service agents of New Hampshire Fire, Granite State and New Hampshire Underwriters.

### To Honor W. B. Henry

W. B. Henry of Kansas City, for years state adjuster for the America Fore, has retired. Field men and friends will give him a complimentary dinner July 22. O. A. Ramseyer, state agent North America; W. G. Chesnut, manager Western Adjustment, and J. F. Deiber, state agent Hartford, are in charge of arrangements.

### Potomac Puddle Elects

WASHINGTON, July 10.—The annual election of the Potomac puddle of the Chesapeake pond of Blue Goose resulted in J. H. Shannon being named big toad, Harry Hazelhurst, pollywog. M. L. May, croaker and R. A. Jonscher, bouncer.

### Field Notes

Morsman Condit, state agent St. Paul Fire & Marine, Seattle, has been married to Miss Ruth Hoagland.

J. Heyburn Watson, Kentucky state agent for the Northern of London, has moved his offices from the Starks building to the ground floor at 422 West Liberty street.

### Summer Home Protection Book

The National Fire Protection Association has published a booklet, "Fire Protection and Prevention for Summer Homes in Forest Areas." This is a most practical pamphlet and after giving some of the precautions to be observed includes a self inspection form.

### Interesting Exhibit

The North America has opened a public display of fire marks and fire fighting equipment of colonial days at the company's home office in Philadelphia. Rare fire marks dating back to 1800 are shown and a hand pump made in 1796 is on display.

### Reading Agent Killed

S. E. Ancona, a partner in the Ancona Agency, Reading, Pa., one of the oldest insurance agencies in the state, was killed last week in an automobile accident.

## INDIANA INSURANCE COMPANY

A STOCK COMPANY CHARTERED 1851—OPERATING ONLY IN INDIANA

ASSETS OVER \$800,000.00

Writing

### AUTOMOBILE

All Lines in One Policy

### FIRE and WINDSTORM

Combined coverage, equal or unequal amounts, in one policy  
Excellent reinsurance facilities

### PLATE GLASS

Unexcelled contracts

### SPECIAL AGENTS

ERNEST NEWHOUSE  
HAROLD H. WELLS  
EMERSON NEWHOUSE

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## IDEALS

Western and Southern — a Group of companies with undoubted financial strength. Conservative investment, careful and intelligent management, doing the right thing at the right time with one goal in mind—protection and guaranteed security to the Policyholder and the Agent. These ideals are responsible for the steady growth and undimmed reputation for reliability of this Group. Good Companies to be with.

**WESTERN AND SOUTHERN GROUP**  
**LIFE • INDEMNITY • FIRE**

*Charles F. Williams, President Cincinnati, Ohio*

# Experience in 18 States in W. U. A. Field

(Compiled Especially for the "United States Review" from the 1935 Argus Comparative Charts.)

## WESTERN UNDERWRITERS ASSOCIATION

	1933		1934	
	Net Premiums Written	Net Losses Incurred	Net Premiums Written	Net Losses Incurred
Aetna, Hartford, Conn.	\$ 3,567,163	\$ 1,884,210	\$ 3,874,776	\$ 1,977,578
Agricultural, Watertown, N. Y.	940,861	400,315	1,003,029	396,972
Albany, Albany, N. Y.	141,572	48,674	157,877	55,505
Alleghenia, Pittsburgh, Pa.	334,663	132,801	358,518	169,941
Alliance, Pa.	501,465	273,328	894,906	561,989
American Alliance, New York	406,429	208,941	535,906	240,068
American Central, Mo.	662,771	392,619	732,565	341,556
American Eagle, New York	736,581	441,249	730,200	307,992
American Home, New York	46,581	79,589	71,391	34,562
American & Foreign, New York	12,686	68,170	167,230	72,995
American, Newark, N. J.	2,702,483	1,449,366	2,864,900	1,378,944
American Union, Hartford	78,098	34,910	160,570	33,821
Anchor, Providence, R. I.	44,187	15,128	59,576	20,717
Atlas Assurance, England	828,113	417,002	787,178	387,898
Automobile, Hartford, Conn.	1,378,038	515,950	1,402,285	568,494
Baltimore American, New York	321,006	208,801	352,572	147,949
Birmingham Fire, Pittsburgh, Pa.	3,574	2,715	5,939	1,213
Boston, Boston, Mass.	901,628	380,791	927,084	400,198
British America, Toronto, Canada	151,836	93,943	169,310	58,890
British General, London, Eng.	55,688	38,492	89,638	34,729
Caledonian, Scotland	349,517	162,041	378,784	183,247
Caledonian-American, New York	53,276	18,437	64,770	29,567
California, San Francisco, Calif.	199,444	112,665	214,117	72,160
California Union, San Francisco	5,611	287	3,486	1,693
Camden, New Jersey	681,067	331,174	771,247	351,790
Capital, Sacramento, Calif.	7,672	3,246	8,427	2,952
Carolina, Wilmington, N. C.	177,973	105,728	140,030	96,982
Central Fire, Maryland	147,911	55,797	214,615	70,644
Century, Edinburgh, Scotland	16,554	7,647	26,657	9,219
Central Union, Hartford, Conn.	12,512	92,501	282,520	130,351
Citizens, Jersey City, N. J.	404,622	182,561	407,162	139,173
City of New York, New York	460,535	243,721	463,296	191,615
Columbia, Dayton, Ohio	266,644	94,310	302,750	135,950
Columbia, Jersey City, N. J.	132,176	61,677	104,549	52,318
Commerce, Glens Falls, N. Y.	194,114	113,917	224,607	109,465
Commercial Union, England	1,100,902	516,054	1,211,377	630,267
Commercial Union, New York	247,943	95,913	277,434	112,400
Commonwealth, New York	527,527	168,805	576,250	296,711
Connecticut Fire, Hartford	1,173,217	596,264	1,125,808	443,457
Continental, New York	4,093,338	2,198,520	4,507,381	1,971,632
County, Philadelphia, Pa.	104,880	54,136	121,110	49,920
Detroit, F. & M., Detroit, Mich.	278,811	149,798	213,616	90,932
Detroit National, Detroit, Mich.	62,175	37,045	30,587	12,767
Dixie Fire, Greensboro, N. C.	247,722	143,811	225,173	120,767
Eagle Fire, New York	97,423	43,194	114,114	60,997
Eagle Star & British Dominions	362,804	124,198	524,230	237,562
East & West, New Haven, Conn.	164,993	77,011	149,928	73,633
Empire State, Watertown, N. Y.	90,949	32,127	127,590	50,243
Employers Fire, Boston, Mass.	315,212	150,257	601,284	251,213
Equitable F. & M., Rhode Island	320,718	131,440	407,034	156,262
Excelsior, Syracuse, N. Y.	23,476	10,390	24,976	18,370
Farmers, York, Pa.	176,888	95,693	183,203	92,721
Federal Union, New York	114,363	47,964	117,617	51,367
Fidelity-Phenix, New York	3,391,335	1,714,726	3,648,414	1,579,167
Fidelity & Guaranty, Baltimore	531,441	172,233	618,341	239,470
Fire Association, Philadelphia	1,406,510	644,251	1,504,885	588,945
Fireman's Fund, California	1,814,047	914,609	1,942,314	820,680
First American, New York	343,136	235,743	299,575	153,193
Franklin Fire, Philadelphia, Pa.	1,135,485	633,506	1,153,420	533,074
Franklin National, Hartford, Conn.	137,904	71,094	156,878	78,963
Georgia Home, Columbus, Ga.	83,791	37,544	77,747	35,160
Glens Falls, Glens Falls, N. Y.	1,111,589	451,601	1,294,327	478,819
Granite State, N. H.	219,049	116,212	248,806	87,970
Great American, New York	3,488,138	1,849,320	3,670,599	1,640,256
Halifax, Nova Scotia	65,640	35,954	76,320	34,593
Hanover Fire, New York	1,097,205	459,220	1,206,450	490,224
Harmonia Fire, Buffalo, N. Y.	138,825	84,020	162,152	70,511
Hartford Fire, Hartford, Conn.	6,667,433	2,885,633	7,229,947	4,355,426
Home, New York	6,661,222	4,330,310	7,109,002	3,388,219
Home F. & M., San Francisco, Cal.	366,798	141,977	394,940	229,048
Homeland, New York	82,381	10,901	127,098	28,977
Homestead, Baltimore, Md.	112,297	45,284	109,371	86,976
Homeseekers Fire, Wheeling, W. Va.	10,201	741	23,651	9,641
Imperial Assurance, New York	168,199	78,503	188,743	68,362
Ins. Co. of North America, Pa.	2,975,147	1,270,145	5,212,799	2,226,190
Ins. Co. State of Pa., Phila.	349,140	254,573	355,281	187,190
Kansas City F. & M., Missouri	83,425	16,039	106,931	48,275
Law Union & Rock, England	242,058	95,018	242,675	106,748
Lincoln Fire, New York	151,627	106,882	41,359	80,328
Liverpool & London & Globe, Eng.	1,773,294	744,854	1,781,908	797,533
London Assurance, England	715,552	323,197	716,979	285,086
London & Lancashire, England	672,872	371,577	915,776	335,127
London & Provincial, England	87,385	26,737	89,176	28,127
London & Scottish, England	107,604	53,739	110,508	33,130
Louisville F. & M., Kentucky	28,136	5,130	1,733	1,384
Lumbermens, Philadelphia, Pa.	.....	.....	344,250	147,487
Manhattan, F. & M., New York	156,509	38,884	171,459	54,550
Maryland Fire, New York	174,819	81,875	188,316	92,896
Massachusetts F. & M., Boston	150,295	79,466	122,118	50,141
Mechanics & Traders, New Orleans	205,083	85,719	222,704	76,508
Mercantile, New York	472,780	201,723	502,639	178,292
Merchants, Providence, R. I.	350,464	197,766	373,124	177,375
Mercury, St. Paul, Minn.	353,698	135,497	391,947	208,138
Michigan F. & M., Detroit, Mich.	365,654	190,618	391,720	164,895
National American, Omaha, Neb.	111,985	48,662	211,719	65,743
National Fire, Hartford, Conn.	3,746,219	1,760,595	3,818,239	1,819,704
National Liberty, New York	1,446,500	774,872	1,489,432	749,607
National Security, Omaha, Neb.	448,042	214,432	729,625	225,251
National Union, Pittsburgh, Pa.	1,125,325	580,251	1,864,064	789,029
Netherlands, The Hague, Holland	585,146	248,730	52,712	49,322
Newark Fire, Newark, N. J.	585,146	248,730	594,021	261,018
New Brunswick, New Jersey	307,791	160,275	262,393	147,955
New England Fire, Pittsfield, Mass.	91,376	47,683	97,969	42,331
New Hampshire Fire, Manchester, N. H.	868,410	397,325	906,663	406,290
New York Underwriters, New York	1,509,732	762,371	1,657,479	739,420
Niagara Fire, New York	1,295,955	638,041	1,293,670	760,069
North British & Mercantile, Eng.	1,999,981	717,108	1,978,709	831,805
Northern Assurance, England	881,450	397,041	931,152	349,639
North River, New York	1,176,928	552,412	1,238,400	511,607
Northwestern F. & M., Minneapolis	719,771	456,886	735,691	267,275
Norwich Union, Norwich, England	593,650	271,896	642,162	309,295
Occidental, California	96,206	49,902	116,443	41,374
Old Colony, Boston, Mass.	217,342	90,698	260,920	110,092
Orient, Hartford, Conn.	565,652	255,821	721,171	303,346
Palatine, London, England	248,635	102,651	268,458	103,544
Patriotic of America, New York	195,838	87,487	153,607	37,295
Pennsylvania Fire, Philadelphia	1,139,009	456,834	1,185,575	447,377
Philadelphia F. & M., Philadelphia	700,837	257,678	941,000	383,959

	1933		1934	
	Net Premiums Written	Net Losses Incurred	Net Premiums Written	Net Losses Incurred
Philadelphia National, Philadelphia	1,724,951	898,400	2,027,938	840,798
Phoenix, Hartford, Conn.	648,769	302,816	703,762	432,081
Phoenix Assurance, London, England	55,408	28,672	104,060	24,806
Preferred Risk, Topeka, Kans.	704,033	303,358	798,457	257,711
Provident-Washington, Providence	88,507	26,136	79,596	25,856
Provident Fire, Concord, N. H.	1,258,809	530,285	1,225,755	567,732
Queen of America, New York	120,500	44,262	135,112	52,982
Reliable, Dayton, Ohio	127,647	66,391	387,841	150,110
Reliance, Philadelphia, Pa.	541,459	276,206	562,297	262,863
Rhode Island, Providence, R. I.	171,370	78,213	180,757	85,639
Richmond, W. New Brighton, N. Y.	166,880	86,190	229,290	96,342
Rochester American, New York	1,918,974	864,724	1,943,683	840,147
Royal, Liverpool, England	607,470	266,015	605,085	273,650
Royal Exchange, London, England	108,958	55,691	117,140	52,242
Safeguard, New York	2,106,470	972,192	2,231,306	1,129,462
St. Paul F. & M., St. Paul, Minn.	654,713	323,025	641,401	336,536
Scottish Union & National, Scotland	145,691	83,744	192,692	121,037
Seaboard F. & M., New York	1,154,820	490,891	1,206,233	495,860
Security, New Haven, Conn.	91,378	47,679	97,934	41,225
Sentinel, Springfield, Mass.	10,150	20,497	17,897	15,642
Southern, Durham, N. C.	175,012	104,701	187,558	119,230
Southern Fire, New York	3,155,166	1,619,894	3,395,187	1,404,896
Springfield F. & M., Springfield	167,906	489,960	172,705	172,705
Standard, Hartford, Conn.	341,180	143,920	345,250	154,097
Star of America, New York	—13,774	14,541	174	7,113
State Assurance, Liverpool, England	1,139,480	466,772	864,428	356,166
Sun Insurance Office, London, England	145,445	96,285	103,016	13,593
Sun Underwriters, New York	188,771	134,647	.....	.....
Sussex Fire, Newark, N. J.	169,605	80,022	174,342	86,275
Transcontinental, New York	2,331,250	857,108	2,655,789	1,206,798
Travelers Fire, Hartford, Conn.	307,107	185,812	354,298	140,975
Twin City, Minneapolis, Minn.	10,812	7,778	12,093	6,607
Union of Canton, China	67,831	58,031	85,018	45,824
Union of Paris, France	140,529	69,574	150,913	36,871
Union Assurance, London, England	70,380	32,433	72,112	13,234
United Marine & General, England	180,214	84,102	266,851	153,186
United Firemen, Philadelphia, Pa.	1,091,633	1,009,980	2,201,670	879,702
United States Fire, New York	71,084	46,332	8,835	19,546
Virginia F. & M., Richmond, Va.	1,223,215	726,350	1,300,049	639,083
Westchester Fire, New York	275,245	134,043	282,079	115,720
Western Assurance, Toronto, Canada	82,748	60,357	125,747	57,389
Western Fire, Fort Scott, Kans.	27,210	10,206	54,313	23,154
Western & Southern, Cincinnati, O.	224,849	86,389	235,247	137,925
World F. & M., Hartford, Conn.	355,365	162,711	520,963	234,642
Yorkshire, York, England	.....	.....	.....	.....

\*Total \$111,923,132 \$54,187,393 \$122,158,315 \$55,616,281

## WESTERN INSURANCE BUREAU

Concordia, Milwaukee, Wis.....	\$ 624,089	\$ 286,483	\$ 699,064	\$ 276,333
Dubuque F. & M., Dubuque, Iowa.....	650,034	326,114	673,616	299,254
Eureka-Security, Cincinnati, Ohio.....	451,583	200,631	395,106	189,009
Firemens, Newark, N. J.....	1,875,990	828,486	2,014,064	899,343
Girard F. & M., Philadelphia, Pa.....	448,310	181,892	552,579	196,401
Mechanics, Philadelphia, Pa.....	102,868	78,968	45,104	67,491
Millers National, Chicago, Ill.....	1,090,241	350,879	1,093,529	353,775
Milwaukee Mechanics, Wisconsin.....	1,197,160	458,583	1,385,225	520,846
Monarch, Cleveland, Ohio.....	419,943	232,066	565,935	190,628
National-Ben Franklin, Pittsburgh.....	445,901	258,095	490,691	218,032
National Reserve, Dubuque, Ia.....	304,364	151,751	284,750	168,115
Northwestern National, Wisconsin.....	1,379,080	463,239	1,530,931	488,915
Ohio Farmers, LeRoy, Ohio.....	975,908	516,630	1,184,985	480,622
Security, Davenport, Iowa.....	377,179	161,577	401,580	135,160
Standard, Trenton, N. J.....	374,275	120,303	398,742	158,065
Superior, Pittsburgh, Pa.....	261,764	136,440	311,572	103,432



## Five-Year Western Totals

A comparison of the figures shown in the table on page 3 and those of the three preceding years gives the following interesting ratios:

### AGGREGATE BUSINESS—ALL COMPANIES

Year	Co's	Premiums	Losses	Ratio %
1930	246	\$189,006,303	\$118,395,797	62.63
1931	234	164,129,629	98,482,161	60.01
1932	226	143,633,760	91,336,747	63.30
1933	221	132,906,283	63,076,252	47.45
1934	223	143,888,702	64,448,267	44.79
Total Five Years		\$773,564,677	\$435,739,224	56.33

### WESTERN UNDERWRITERS ASSOCIATION COMPANIES

Year	Co's	Premiums	Losses	Ratio %
1930	178	\$160,711,805	\$102,457,970	63.69
1931	175	139,140,983	84,554,372	60.83
1932	168	121,532,281	78,863,037	64.90
1933	165	111,923,132	54,187,393	48.40
1934	167	119,532,477	54,585,381	45.61
Total Five Years		\$652,840,078	\$374,648,155	57.38

### NON-WESTERN UNDERWRITERS ASSOCIATION COMPANIES

Year	Co's	Premiums	Losses	Ratio %
1930	68	\$ 28,295,098	\$ 15,937,827	56.32
1931	59	24,987,646	13,927,789	55.72
1932	58	22,101,479	12,473,710	56.44
1933	56	20,983,151	8,888,859	42.34
1934	56	24,356,325	7,862,906	32.29
Total Five Years		\$120,723,599	\$ 59,091,091	49.24

### WESTERN INSURANCE BUREAU COMPANIES

Year	Co's	Premiums	Losses	Ratio %
1930	16	\$ 14,453,334	\$ 7,961,499	55.08
1931	16	13,324,889	7,108,753	53.44
1932	16	12,237,886	6,483,499	52.98
1933	16	10,966,079	4,752,137	43.33
1934	16	12,028,087	4,745,421	39.50
Total Five Years		\$ 63,010,275	\$ 31,051,309	49.04

### ALL AFFILIATED COMPANIES COMBINED

Year	Co's	Premiums	Losses	Ratio %
1930	194	\$175,164,539	\$110,419,469	63.09
1931	191	152,465,872	91,663,125	60.30
1932	184	133,770,167	85,346,536	63.79
1933	181	122,889,211	58,939,530	47.33
1934	183	131,560,564	59,330,802	45.01
Total Five Years		\$715,850,353	\$405,694,462	56.67

### NON-AFFILIATED COMPANIES

Year	Co's	Premiums	Losses	Ratio %
1930	52	\$ 13,841,764	\$ 7,976,328	57.62
1931	43	11,662,757	6,819,036	61.11
1932	42	9,863,593	5,990,211	60.74
1933	40	10,017,072	4,136,722	41.36
1934	40	12,328,138	5,117,465	41.54
Total Five Years		\$ 57,713,324	\$ 30,039,762	52.02

The publisher of the "United States Review" advises that in the table printed on page 10, the figures of the North America companies are for all lines, instead of merely for fire and lightning, which are the figures given for the other companies. The aggregate experience figures have been adjusted to take ac-

count of the change. Below are given the fire and lightning figures for the companies in the North America group:

	Prem's.	Losses
Alliance	\$ 643,789	\$ 465,865
Central	156,775	55,933
North America	3,342,280	1,499,248
National Security	496,833	146,484
Philadelphia F. & M.	721,463	289,603

## Associated Aviation Group Cuts Rates, Broadens Forms

The Associated Aviation Underwriters of New York have put in effect lower rates on some aviation coverages and broader policies. This action follows announcement of similar changes by Aero Insurance Underwriters. Planes used by business organizations for sales promotion, survey flights, transporting executives, etc., classified as industrial aid risks, and which took slightly higher rates for various fire and windstorm coverages than those for the private pleasure class, will have the differential eliminated for fire, ground only, excluding running of engines; fire, ground only, including running of engine; fire, excluding fire following crash, and windstorm.

Premiums for basic liability limits on these industrial air risks have been reduced on public liability from \$70 to \$60 and on property damage from \$65 to \$60, passenger liability rates for this class of risks remaining the same, however.

A number of other changes were

made, similar to action taken by the Aero Insurance Underwriters, an omnibus clause covering pilots other than named assured being included and also credit allowed for use of approved carbon dioxide remote control extinguishers up to 10 percent credit on all metal construction and to 5 percent on other than all metal, applicable only to fire, ground only, with engines running. On existing policies all changes not affecting rates are considered as being in force, and specific endorsement on current contracts may be secured upon request.

Companies belonging to the group are Chubb & Son (Federal), Merchants Fire, Alliance, London Assurance, Marine, Svea, United States Guarantee, Fireman's Fund, Sun Indemnity, Marine Office of America, American of Newark, American Eagle, Continental, Fidelity-Phenix, Firemen's of Newark, Glens Falls, Hanover, Springfield F. & M., Fidelity & Casualty and Glens Falls Indemnity.

Owing to the death of Fred C. Ransom, head of the Spaulding Agency of Jackson, Mich., some disposition will have to be made of this office.



# Indemnity Insurance Company of North America

PHILADELPHIA

CAPITAL \$1,000,000

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Fidelity  
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Complete, Efficient Service

All Modern Coverages

Combination Automobile Policy, Combination  
Residence Policy and Complete Golfer's Policy  
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### Local Bank Key to Finance Company Issue

No issue before the local agents is being given greater consideration than that of securing coverage upon automobile risks written through financing corporations. The subject was discussed in a paper by **WALTER MEISS**, general agent of the LONDON ASSURANCE, before members of the AMERICAN ASSOCIATION OF INSURANCE GENERAL AGENTS some weeks ago and later was pondered more or less at length at conventions of agents' associations in New York, ARKANSAS, NORTH CAROLINA, NEBRASKA, GEORGIA, KENTUCKY and VIRGINIA. On each occasion appeal to local men was to make a vigorous drive to get hold of the desirable business now being handled in such volume by large financing concerns.

While many plans were suggested as to the most effective means whereby the desired end could be obtained, the prediction is made that the key is the local bank, which has funds yearning for safe investment at more than minimum, and has been attracted to the automobile financing field.

As a counter to the complaint of agents that the finance companies invaded a field in which they had no proper concern, the latter argue that by virtue of their operations they have made motorists insurance-minded and as a consequence a big volume of public liability, and property damage has been created for local agents. They assert that through their insistence upon clients carrying collision insurance this form of indemnity is now being written in far greater volume.

Company managers hold that because of the low average premium for automobile fire and theft it has been difficult to induce agents to solicit the line. Now that the automobile premiums gathered through the medium of the financing companies have attained such volume, local men are awake to the possibilities of the line and will determinedly seek it.

The idea of local banks advancing cash to purchase motor cars is gaining in popularity, notably through the middle west, where the plan originated. The method is for agents when they learn of a prospective car purchaser to advise him to finance the deal through the home bank, thus effecting a saving under what specialized financing institutions charge. As a return courtesy the bank hands its borrower a list of agents from whom proper indemnity upon the car can be secured, insisting only that the insurance be in sufficient amount to cover its equity.

Such reciprocal arrangement works to the satisfaction of all concerned; the motorist effects a loan at a modest interest rate; the bank makes a safe investment upon which it gets a satisfactory return, and the agent secures a direct line.

The scheme appears to offer opportunity and seems certain to increase in popularity, particularly if agents intelligently participate in the movement. From the insurance company point of view, the business should prove attractive because most of the risks financed by banks will be of the superior type.

### Presenting Logical Arguments

AGENTS in some of the cities in Wisconsin have taken up the work of holding or retrieving business that has gone to the state insurance fund through logical and convincing arguments. Local men would not make much of an impression on public authorities by merely claiming that they were entitled to the insurance because they were taxpayers. There must be persuasive and intelligent reasons set forth. Local agents can always stress the importance of their own service. When they do emphasize that they must demonstrate

that they are fit to perform this service. Local boards acting for agents have been more efficacious in combating state insurance than local agents acting as individuals. During recent months very encouraging results have been obtained in some of the Wisconsin cities. It would benefit others where public property is insured in the state fund to study the methods pursued by the successful boards that have gained their objective.

"No one man has a monopoly on all the good ideas."

## PERSONAL SIDE OF BUSINESS

**H. M. Higgins**, Omaha local agent, flew by airplane from Minneapolis to be at the bedside of his brother, **Clarence Higgins**, who was seriously wounded in Los Angeles by a bandit. Mr. Higgins was motoring with his wife to Minneapolis for his vacation when Omaha police got word to him of his brother's misfortune.

**George W. Scott**, assistant secretary National Association of Insurance Agents in charge of membership work, is to be married Aug. 10 to Miss **Margaret E. Steidinger**, the wedding to be solemnized at a nuptial mass in St. Anthony's Shrine of the Church of St. Francis of Assisi in New York. Mr. Scott has been with the National association 7 years, formerly having been connected for 18 months with the Irving Trust Company. He was graduated from Dartmouth with an A.B. degree in 1926. Miss Steidinger, a former Barnard student, is a daughter of Christian Steidinger of East Williston, L. I. The honeymoon will be in Bermuda.

Mr. and Mrs. **W. A. Sawyer** of Cleveland, announce the marriage of their daughter, **Cornelia Emily**, to **J. E. McIlvain**. Mr. Sawyer is state agent of the Fireman's Fund.

**John A. Lloyd**, secretary Ohio Association of Insurance Agents, accompanied by Mrs. Lloyd, will leave for Mexico City Aug. 18 to attend the international convention of Lions Clubs. Senator Lloyd is one of the leaders of the Lions in Ohio.

**L. H. Stubbs**, head of the L. H. Stubbs & Co. agency at Cedar Rapids, Ia., is not only a well known insurance man but he is versatile in other lines. Many who have attended banquets have been entertained by Mr. Stubbs' character impersonations and his sprightly humor. During the last year or so he has used considerable of his leisure time in drawing cartoons and painting pictures in oil. He spent a number of weeks in Arizona and while there he made some sketches which later he has developed into finished pictures. His work is attracting much local attention.

**B. C. Vitt**, vice-president of the Dixie Fire, of Greensboro, N. C., and Virginia-Carolina manager for the American of Newark, is visiting the H. W. Gates General Agency, in Jackson, Miss., and making a tour of a portion of Mississippi. He is accompanied by Mrs. Vitt.

**E. M. Lindsey**, adjuster for Whitfield King Company, Memphis, Tenn., died of a heart attack at the age of 70. For a number of years Mr. Lindsey was secretary of the Kentucky & Tennessee Board of Fire Underwriters and later was special agent of the Connecticut Fire. He opened an independent adjusting office in Memphis in 1902 and in 1912 was appointed manager of the Southern Adjustment Bureau in Memphis, retiring in 1929.

**W. S. Foster**, associate western manager of the North America, had a strenuous and bountiful day last Thursday. At that time his company commemorated in full measure the 50th anniversary of his service with the institution. Unfortunately General Manager **C. R. Tuttle** was confined to his home with illness and was not able to participate. Manager **W. H. Riker** presided at the luncheon which was attended by the official staff. Associate Manager **L. J. Bradock** presented Mr. Foster with a handsome, inscribed watch while **W. B. Flickinger** presented him with a camera, with the latest type of German lens, Mr. Foster being an ardent amateur photographer. Chief Engineer **Warren**

**Baker** made the presentation of a file of letters from officers, managers and field men while Mr. Riker presented an illuminated certificate.

Among the communications was one from Vice-president **Henry W. Carlisle** of Marsh & McLennan, who is in a hospital recovering from an appendix removal. He sent two stogies in a handsome jewel box and this caused amusement because Mr. Foster is an ardent non-smoker.

In the afternoon Mr. Foster, with Mrs. Foster by his side, received all of the 200 employees in the western department in the dining room where refreshments were served. Delegations of employees were brought in in 15 minute intervals to express their feelings for the 50 year veteran.

**E. R. Booker**, Virginia state agent of the Crum & Forster group, was presented a Tiffany gold watch at a testimonial dinner in New York in recognition of 25 years of service with the group. The presentation was made by **Otto E. Schaefer**, president of the Westchester. Heads of the other Crum & Forster companies were also present.

**Charles T. Monk**, president of the Philadelphia Insurance Agents Association, and Mrs. Monk have sailed for a vacation abroad.


**Earl F. Woods** of Wichita, Kansas state agent of the National Union, is recuperating from a major operation which confined him to a Wichita hospital for ten days early in the month, and expects to return to his field duties next week.

**Robert Campbell** of the Robert Campbell Investment Co., Wichita local agency, was elected president of the Young Democrats of Kansas at a statewide rally in Topeka.

**J. H. Johnson** of Clarksdale, Miss., new insurance commissioner of his state, is not only a prominent local agent but is a leading man in civic and community affairs. He is a former president of the Mississippi Association of Insurance Agents and the Delta Agents Association. He is president of the Clarksdale public library, the largest in the state. He is president of the Clarksdale Hospital. In the Clarksdale Methodist Church he is a member of its board and chairman of its finance committee. He is chairman of the Red Cross for his county. He is a prominent Rotarian and went to Mexico City to attend the recent international convention. He is high up in Masonry, being the former state head. He is on the trip to Seattle with the commissioners this week.

**Norman W. Adams**, president Adams Insurance Agency, Warren, O., has been appointed a Kentucky colonel. Mr. Adams' earliest ancestor, **John Adams**, arrived at Plymouth, Mass., in 1621. All of his early ancestors were soldiers in the Revolutionary War and his immediate ancestors settled in the Ohio western reservation in 1800. The Adams agency was established in Warren in 1857 by the present owner's grandfather. Mr. Adams is a director of the chamber of commerce of Warren, and has a wide reputation as a proficient and humorous toastmaster, officiating at practically all political and historical banquets in eastern Ohio. He is considered an authority on the life of **Aaron Burr**, and has developed both humorous and instructive lectures on his life. He makes annual trips to **Blennerhasset Island** near **Parkersburg, W. Va.**, the one-time headquarters of the **Aaron Burr** movement, and has been successful in recent years in acquiring valuable books and articles of furniture from this island and vicinity.





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# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Illinois Returns Last Year

**Farm Mutuals Wrote in Their Home State Last Year \$1,697,000 in Premiums**

The Illinois insurance department in its new statement for 1934 covering the farm mutual companies doing business in the state shows \$155,869 premiums for the district mutual companies and \$122,087 losses. The largest was the Svea Mutual Protective of Andover with \$43,792 premiums and \$47,738 losses.

The county mutuals had \$755,826 in premiums and \$573,552 losses. The largest was the Kingston Mutual County Fire with \$31,691 premiums and \$27,093 losses.

The township mutuals had \$631,809 premiums and \$465,502 losses. Among the larger ones was the Dunham & Chemung Township Mutual Fire of Harvard with \$30,016 premiums and \$23,187 losses. The Big Rock Township Mutual Fire of Big Rock had \$16,014 premiums and \$10,485 losses, the Farmers Pioneer Mutual Fire & Lightning of Buckley had premiums \$24,215 and losses \$19,334. The Peru Farmers of Peru had premiums \$16,576, losses \$4,249. The Wheatland-Oswego Township Mutual of Oswego had premiums \$16,689 and losses \$2,978.

The district mutual windstorm companies had premiums \$151,934 and losses \$84,624. The Rockford Farmers District Mutual is the largest with \$49,899 premiums and \$36,586 losses. The Pana-Hillsboro District Cyclone Mutual had \$44,419 premiums and \$21,161 losses.

The total premiums of all the farm mutuals amounted to \$1,697,989 and the losses \$1,248,295.

### Marshalltown Agents Busy

The Marshalltown Association of Insurance Agents is making careful preparations for the annual meeting of the Iowa Association of Insurance Agents in that city Aug. 19-20. C. Kim Tidd is chairman of the convention committee. The Marshalltown people anticipate a good attendance because the city is centrally located and because there is a spirit of optimism throughout Iowa. A social program is being arranged for the agents and their ladies.

### Signs Tax Increase Bill

Among the bills that passed the Illinois legislature of interest to insurance people was the measure increasing the tax to be paid by fire insurance companies from one-fourth of 1 percent of the premiums to one-half of 1 percent as a fire marshal tax. It has been signed. The increased tax was to provide funds for a better system of inspection and was prompted by a fire in a roadhouse northwest of Chicago in which several young people lost their lives.

### Most Hail Losses Uninsured

LINCOLN, NEB., July 10.—While hail losses on wheat in central and south central Nebraska will run in excess of \$1,500,000, stock companies carried but a small percentage of risks in the affected territory. For a good many years all hail companies, because of competitive conditions, sold hail coverage on a 60- and 90-day note basis. Most of them got loaded up on unpaid notes, and this year the stock companies not only raised rates in the sections hit hardest but required cash premium payments. Part of the business went to the state hail fund, but only a small percentage was covered in any way. The

losses, therefore, fall on the farmers. In Hall county, where three hail storms struck within a few weeks, 75 per cent of the wheat sown was destroyed. Less than 2 per cent of the loss was covered by insurance.

### Cut Waterworks Cover 85%

Effective July 1, the waterworks board of Council Bluffs, Ia., made a cut of nearly 85 percent in insurance of all kinds carried. The cut will reduce the amount of insurance from \$324,600 to \$65,000 and was ordered because the board felt previous coverage on water board properties was too high.

### Michigan Membership Up

DETROIT, July 10.—The Michigan Association of Insurance Agents, with a total paid-up membership of 390, is approximately 50 members ahead of last year at this time, says Executive Secretary George Brown. Indications are that the quota of 400 will be passed by a wide margin by Aug. 31.

### Western Adjustment Changes

L. H. Pickett has been transferred by the Western Adjustment from Ottumwa, Ia., where he has been resident adjuster, to Hastings, Neb., where he will serve in the same capacity. He succeeds W. H. Minick, who is transferred to Des Moines. Mr. Pickett is succeeded at Ottumwa by W. M. Cain, formerly of Des Moines.

### New Cincinnati Quarters

B. Gates Davies, chairman of the Eureka-Security F. & M., and Adam Benus, secretary, are now established in the new Cincinnati quarters of the company at 1724 Carew tower. The Eureka-Security Insurance Agency, which is local agent for several companies and general agent for 18 southern Ohio counties for the Pearl-American fleet, has quarters in the adjoining offices, where Manager A. M. O'Connell is holding forth.

### Conference of Board Officers

John A. Lloyd, secretary Ohio Association of Insurance Agents, announces that a mid-summer conference of officers of county and city associations will be held at Granville Aug. 8. The problems of local associations, the mechanics of the new state examination law for agents and the new policy of the HOLC, which goes into effect July 20, will be the chief topics of discussion.

### First National's New Deviation

The First National of Seattle, as well as the Merchants Fire of Indiana, has now filed a 20 percent deviation on all classes of risks in Ohio. This action follows the decision of the Ohio supreme court outlawing the so-called 5-for-4 plan under which the five-year term policy is sold for four times the annual premium but collections are annual.

### Minnesota Loss Ratio Lower

ST. PAUL, July 10.—D. W. Johnson, deputy state fire marshal, reports 1934 fire losses in Minnesota declined \$753,408 while premiums increased \$300,000, with fire losses for the year totaling \$5,540,000 and total premiums paid \$12,334,022. Duluth's loss ratio dropped from 50 to 36 percent and Minneapolis from 49 to 43 percent, while St. Paul went up from 47 to 51 percent. Outside the three main cities, the loss ratio dropped from 58 to 41 percent.

The report also disclosed that there are 15,000 agents in the state of whom

41.17 percent work full time. Of the part-time agents, 22.5 percent are attorneys, real estate men or bankers, 24.1 percent business men or salesmen, 31.6 percent are farmers or salaried workers and 21.6 percent have other occupations such as teaching or going to school.

### Study Financed Auto Problem

The Ohio Association of Insurance Agents has named a committee to make a study of insurance on automobiles financed by private finance companies. An effort will be made to have this insurance handled through local agents.

### Changes in Ohio Ratings

The Ohio Inspection Bureau has just issued new ratings on a number of Ohio cities. No change in rating was made at Alliance, but Sidney was changed from fifth to sixth class, Campbell from 8th to 7th class and New Carlisle from 8th to 7th class.

### Ohio Inspection Bureau Changes

W. O. Leedy of Cleveland is named resident inspector of the Ohio Inspection Bureau at Mansfield, to succeed his cousin, R. W. Leedy, who has gone with the London & Lancashire in Ohio. He is a graduate of Ohio State University and was employed for a time at Akron before he was transferred to Cleveland by the inspection bureau.

George W. Wheaton and Lester Kerlin, recent graduates of Armour Institute, Chicago, have joined the Ohio Inspection Bureau. Donald Neal, Harry Perlett and R. J. Magnuson, students at the institute, are working at the bureau's offices in Columbus this summer, but will return to school in the fall.

### Weakness at Kansas City, Kan.

The National Fire Protection Association states that a serious weakness in Kansas City, Kan., is the lack of a fire alarm system. Two large fire losses last year may be largely attributed to delayed alarms. The chamber of commerce has agreed to organize a fire prevention committee.

### Hail Applications Set Record

FARGO, N. D., July 10.—North Dakota may this year exceed the hail insurance registration record set early in the history of the department, says Commissioner Harold Hopton, as he reports a steady increase in the rush of applications for hail protection. Good crop prospects, modification of state hail insurance regulations and anticipation of one of the best seasons in many years of growth of small grains, is speeding up activities. Last year's record of 1,935 applications has been passed, 2,182 applications having been received so far.

### Heads Automobile Department

KANSAS CITY, MO., July 10.—R. A. Braddock, who has been with the R. B. Jones & Sons agency for three years, and who spent most of that time in the automobile department of the agency, has succeeded Gordon Parks as manager of the automobile department. For the past year Mr. Braddock has been doing special work for R. Bryson Jones, a member of the firm. Mr. Parks, two years manager of the automobile department and five years with the agency, has been made manager of the automobile department of the Fred S. James & Co. agency at Chicago.

### Appeal Assessment Decision

LINCOLN, NEB., July 10.—The Farmers Mutual of Thayer county has asked the Nebraska supreme court to reverse a recent finding that mutual assessment companies and associations have no power to levy advance assess-

ments, contending that the court erred in guessing the legislative intent. The appeal is intended as an effort to relieve a number of assessment companies that have claims pending where losses occurred after they had levied an advance assessment, and which now they must pay. It is argued that the legislative intent is to the contrary, citing that when the insurance code was revised in 1913 an old section of law forbidding advance assessments was not included, that for 15 years the insurance department took the position that the power existed, and that when the matter was presented to the late legislature a bill giving permission to make such levies passed without opposition.

### Provision for Outside Fires

A bill has been signed by Governor Davey of Ohio effective in 90 days, which provides that any fire fighting company is compelled to answer a fire alarm at any place in the county in which it is located and further that the actual cost of such a run shall be paid by the person owning the property or it shall become a lien against his property.

In the event a fire company should refuse or fail to answer such an alarm, the cost of the whole damage to the property involved shall become a charge against the township or municipality in which the fire company is located and unless an equivalent sum is paid, it shall be withheld by the auditor of state from any state tax funds which may be due and payable to the government unit.

### New Illinois Rate Books

Rate books and cards were published by the Illinois Inspection Bureau in June for the following places:

Catlin, Evansville, Genoa, Greenup, Herrin, Hoffman, Jopka, Lanark, Macedonia, McClure, Panama, Peru, Prophetstown, Rosiclare, Unity and Hodges Park.

The classification of Catlin and Rosiclare have been changed from 9th to 8th class due to new waterworks system. The class of Prophetstown was changed from 8th to 7th due to improvements in fire protection.

### Trumbull County Picnic July 17

The annual picnic of the Trumbull County Insurance Board is to be held at the farm of N. W. Adams, about five miles from Warren, O., July 17. Mr. Adams is major domo.

### A. W. Logan Reappointed

A. W. Logan, director of the Kansas department of inspections and registrations for the past two years, has been reappointed for another two-year term by Governor Landon. The department includes among its duties arson investigations, fire inspections of theaters, schools, hotels and other public and commercial buildings which were formerly under the jurisdiction of the state fire marshal and state hotel inspector.

### Name Nebraska Department Attorney

John S. Logan of Fairfield has been appointed by Governor Cochran as attorney for the Nebraska insurance department. Heretofore the insurance director has had to rely on the attorney general, always a busy man, for legal directions and opinions, and under the new regime more prompt decisions will be possible.

### Mrs. Parrott to Carry On

The Parrott agency in Plymouth, Mich., is being operated by Mrs. Florence M. Parrott, following the recent death of her husband, Roy R. Parrott, who had been active in the city more than 20 years. Mrs. Parrott has assisted in operating the office 18 years.



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(Securities at Market Value)

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**\$2,087,058.35**

Securities at Market Value

82 YEARS IN BUSINESS

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Surplus to Policyholders Dec. 31, 1934

**\$935,329.77**

Securities at Market Value

81 YEARS IN BUSINESS

### NATIONAL-BEN FRANKLIN FIRE INSURANCE CO. OF PITTSBURGH, PA.

Organized 1866

Surplus to Policyholders Dec. 31, 1934

**\$1,932,062.99**

Securities at Market Value

69 YEARS IN BUSINESS

### THE METROPOLITAN CASUALTY INSURANCE CO. OF NEW YORK

Organized 1874

Surplus to Policyholders Dec. 31, 1934

**\$1,796,718.88**

Securities at Market Value

61 YEARS IN BUSINESS

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Tornado—Windstorm  
Ocean and Inland Marine  
Tourist Baggage  
Riot and Civil Commotion  
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Parcel Post  
Loss of Use  
Earthquake  
Aircraft  
Automobile—All lines  
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Health  
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Plate Glass  
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Hold-up—Robbery  
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Securities at Market Value

83 YEARS IN BUSINESS

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Organized 1871

**\$2,081,259.40**

Securities at Market Value

64 YEARS IN BUSINESS

### THE CONCORDIA FIRE INSURANCE COMPANY OF MILWAUKEE Organized 1870 Surplus to Policyholders Dec. 31, 1934

**\$2,243,727.39**

Securities at Market Value

65 YEARS IN BUSINESS

### COMMERCIAL CASUALTY INSURANCE CO. Organized 1909 Surplus to Policyholders Dec. 31, 1934

**\$2,022,134.99**

Securities at Market Value

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## IN THE SOUTHERN STATES

### Expirations Suits Explained

**E. N. O'Beirne Sets Out Position of the Automobile in the South Carolina Litigation**

E. N. O'Beirne, southern department manager for the Automobile of Hartford, has issued a statement regarding the two suits brought against the Automobile by the Glover Brothers agency of Greenville, S. C., seeking \$6,000 damages. The agency alleges that the Automobile, acting on information in its files as to expiration dates, solicited and secured the insurance on the Piedmont Manufacturing Company at Piedmont, S. C., and the Victor Mill at Greer, thus

using the information that the Automobile had secured from the agency.

Mr. O'Beirne states that in May of 1929 Glover Brothers were operating a local agency in Greenville, S. C., and represented a number of board companies. At about this time they took on the representation of the Public Fire and one or two other non-board companies and resigned all of their board representation.

For a number of years, he said, the Glover Brothers agency had been writing the insurance on the mill villages of five large cotton mills. As the insurance on these five mill villages expired, Glover Brothers, according to Mr. O'Beirne, were instructed to renew their policies and the business was placed by five different agents. The

Automobile, he declared, was represented in two of the five agencies receiving the business and secured a portion of the line in each case. In one case the agent of the Automobile was the secretary of the mill and had full information regarding all expirations. In the second case, the agent was a director in the mill and, naturally, information pertaining to the insurance was available to him. The two policies in question were written over five years ago.

Mr. O'Beirne stated that Glover Brothers presented their case to the South Carolina Association of Insurance Agents and the Automobile appeared before the executive committee of that association. "After hearing the case," Mr. O'Beirne states, "they refused to support Glover Brothers in their demand of us for a commission on this business."

"Under all the circumstances we find it necessary to defend ourselves against what we regard as an unreasonable claim."

### Praise for San Antonio Agents

**Adjustment Bureau Manager, in Report on Storm Loss, Pays High Tribute to Local Men**

Walter T. Gallaway, branch manager at San Antonio for the Fire Companies Adjustment Bureau, in his general report on the hail and windstorm losses in San Antonio in the series of storms from March 5 to May 18 of this year pays high tribute to the local agents of the city. He said that the adjusters appealed in the beginning for the cooperation of the agents and the response was magnificent. The officers of the local exchange secured the cooperation of all members and also secured the cooperation of the press. As a result of the cordial feelings engendered in the adjustments, he expressed the belief that company-agency relations in San Antonio will be most pleasant.

Mr. Gallaway estimates now that the insurance loss from the series of ten storms will amount to about \$1,750,000. In the losses handled by the Fire Companies Adjustment Bureau, there was a total loss of \$689,921 with an average loss paid per file of \$111.30.

The greatest problem, he said, was the handling of claims where the Home Owners Loan Corporation was interested. However, the experience obtained by the HOLC and by the insurance people in handling the San Antonio losses should be valuable in the future, he declared.

### New Cotton Form Is Approved

**Monthly Payment Plan Adopted by Texas Insurance Board Requires Weekly Reports by Assured**

AUSTIN, TEX., July 10.—An approved cotton reporting form, which is a monthly premium payment and is the only one that may be used by companies in writing baled cotton insurance on a reporting basis, has been adopted by the Texas board of insurance commissioners. The new form replaces the special filed reporting forms used by companies last year and also reporting form "B" for insuring baled cotton.

#### Deposit Premium Required

An initial or deposit premium, paid by the assured at the inception of the policy, is called for by the new form, and is 15 percent of the sum of the an-

nual premiums at each listed location, computed on 75 percent of the stated limit of liability at each location times the specific rate applicable thereto.

Reports are to be made by the assured to the company not later than Tuesday of each week and shall cover the number of bales of cotton at each listed location at the close of each day of the preceding week. As a basis solely for calculating and assessing the premium, each bale of cotton reported shall be considered as weighing 500 pounds and valued at the average price per pound of middling spot cotton at the Houston Cotton Exchange for the month.

Ten percent of the annual premium is charged against the first month's values, and 8 percent is charged against each month's values thereafter from the second through the 11th month. The 12th month's premium is covered in the initial premium. The monthly premiums are payable on the 15th of the month succeeding the month for which the values are reported.

#### Cover Increases in Liability

To cover increases in limits of liability or new locations added, the new form requires the assured to pay for increased liability an additional deposit premium of 15 percent of the annual premium at the location with the increased limit, computed on 75 percent of the amount of the increase in the stated limit of liability (75 percent of the difference between original limit and increased limit). Payment of the deposit premium on new locations added is made on the same basis as for the original locations. The deposit premiums are to be paid as of the date the increase in the limit of liability becomes effective or the new location is added.

### Deputy Commissioner Takes Post in New Life Company

Lewis A. Irons has resigned as deputy insurance commissioner of Georgia to become executive vice-president of the Southern Life of Atlanta. This is the company that was formed by the Southern Securities Company, a recently organized holding concern, that plans to extend its activities and enter the fire and casualty business as well. Mr. Irons has been deputy commissioner of Georgia more than 10 years.

#### A. R. WRIGHT IS NEW DEPUTY

ATLANTA, July 10.—A. Ransom Wright has been appointed deputy insurance commissioner of Georgia, to succeed Lewis A. Irons. "Rance" Wright, as he is popularly known, is the son of the late W. A. Wright, a captain in the Confederate army, who held the office of comptroller general of Georgia for over 50 years.

Mr. Wright received his fire insurance education in the office of the Atlanta Home under Joel Hurt, and was associated with many insurance men in his early business career who later became prominent in the business, including Dowdell Brown, now southern manager of the Commercial Union. Later he entered the life insurance business and for years was the manager of the Atlanta department of the Metropolitan Life.

#### Can't Impose Additional Tax

Under a ruling from Attorney General Rice of Mississippi no municipalities in the levee district of that state can impose an additional tax on fire and casualty agents under the tax law passed in 1934. Mr. Rice has had many inquiries recently on this subject.

#### Settle Richmond Controversy

RICHMOND, VA., July 10.—Cottrell & Munson, Richmond agency, has received approximately \$5,000 from the Richmond Bridge Corporation in a controversy over the distribution of \$15,000 commissions that have accrued under insurance policies and bonds issued in connection with the construction of three Richmond bridges. In an agreement

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reached two years ago the bond business involved in the construction of the bridges was pooled and the commissions were to be allocated to certain Richmond agencies. When the bridge company allocated \$650 to Cottrell & Munson it was refused on the claim that the agency was entitled to more. Suit was threatened. An injunction was secured and the dispute arbitrated.

### Grain Loss at Fort Worth

A fire that razed the plant of the Universal Mills at Fort Worth, Tex., caused damage estimated at \$200,000 and destroyed 150,000 bushels of grain. The blaze is believed to have started from spontaneous combustion.

### Mutual Tax Bill Advanced

BIRMINGHAM, ALA., July 10.—A bill levying a 4 percent fire premium tax on mutuals for the benefit of the Birmingham firemen's pension and relief fund has passed the lower house of the Alabama legislature. The city now levies a 4 percent tax on stock companies, 1½ percent or about \$18,000 a year of which goes into the pension fund. The city has agreed to turn all of the 4 percent tax on mutuals over to the pension fund provided the bill is passed by the legislature.

### Investigate Automobile Rates

OKLAHOMA CITY, July 10.—Relief from the high rates charged in Oklahoma City for automobile insurance is being sought by the Fire & Casualty Insurance Agents of Oklahoma City, Inc. President M. B. Breeding appointed a committee of three to investigate the experience and other details that have a bearing on the matter, and make recommendations. The committee comprises Herbert Heiman of the Al Heiman Co., F. Wiley Ball and Jack Adams of McCullough & Adams.

### Named for Two States

Having been relicensed in Louisiana and Mississippi, the Globe & Rutgers has appointed Henry A. Steckler, Inc., New Orleans, general agent for both states. The Steckler office has been established a number of years, also representing the Agricultural, Camden, Dixie, Empire State, Hanover, Fulton and Provident Fire.

### Can Retire Obligations

The Mississippi Association of Insurance Agents on July 1 was in position to retire all its obligations to the National Association of Insurance Agents, it announced. New directors elected are: W. A. Yerger, Jackson; J. L. Adams, Gloster; Joe Mitchell, Clarksdale, and R. C. Griffin, Amory.

### Sullivan Doesn't Have G. & R.

In connection with a report that the Globe & Rutgers had been granted a license in Mississippi, the statement was made that the company would again be represented in the general agency of W. A. Sullivan of Jackson. The company has entered the state but it is not represented in the Sullivan general agency.

### Rejects Union Central Clause

Lloyd T. Wheeler, manager Mississippi State Rating Bureau, has advised fire insurance agents with respect to the Union Central Life's loss payable clause, form 1617, that its attorney holds "that the company has no right to be relieved of liability for a premium, nor should the insurance company be denied the right to cancel the policy for non-payment of premium. Further, if such rights were granted by the insurance company, it would be a discrimination against other policyholders."

### Reports on Florida Cities

The National Board, in a report on West Palm Beach, Fla., states the gross fire loss for the past five years was \$270,359, average loss per fire \$614, "a

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moderate amount," and average loss per capita \$1.95, "a low figure."

The gross fire loss in Palm Beach for the five years was \$52,956, the average loss per fire being \$757, "a high amount," the average loss per capita \$1.06, "a low figure."

In West Palm Beach, the construction in the principal mercantile district makes severe group fires probable in most blocks. The probability of fires spreading beyond the block of origin is only moderate due to an adequate water supply including a high pressure

system, the fireproof and sprinklered buildings, mainly low heights and fairly well equipped but undermanned fire department. Group fires are probable in minor mercantile districts.

In Palm Beach, in the principal mercantile district serious group fires are probable because of generally weak construction, mainly lacking in fire resistive features and an undermanned fire department, but buildings are mainly low and accessibility is good, so there is only moderate probability of extensive fires.

## PACIFIC COAST AND MOUNTAIN

### Outlines 12-Point Program

**President of San Francisco Brokers Exchange Presents Plan for Cooperation with Pacific Board**

SAN FRANCISCO, July 10.—For the purpose of raising the ethics of the fire insurance business in San Francisco, Stephen Malatesta, president Insurance Brokers Exchange, has issued a statement in which he outlines a "12-point program" of cooperation with the Pacific Board. He suggests that the conference committee of the exchange meet with the conference committee of the board to discuss his program and arrive at agreements which would put the plan into effect. Announcing his plan, President Malatesta says in part: "In view of recent happenings, such as the Pearl situation, increased competition from mutuals and non-board companies, it seems to me the time might be ripe for a new set-up or understanding with the board affecting members of our exchange." He then suggests:

1. That the board agree not to accept any business from a non-board agent or broker, either directly or indirectly, or through subterfuge.
2. That the board will not permit company officers or employees to accept business from non-board brokers or to permit any company to place business for another company for the benefit of a non-board broker or agent.
3. That employees of companies shall not be permitted to place business for relatives or friends or pay or receive commissions on such business.
4. That no manager or general agent be allowed to engage in the brokerage business, except for authority to sign policies or other documents.
5. To report to the exchange the names of any employees of a member who lends his name for placing business for an unauthorized person.
6. Not to accept direct business from the assured, but to turn all such business over to an exchange broker, including commissions written in the east on business for residents of San Francisco.
7. To permit the exchange to examine the books of a company to trace any alleged violation of board or exchange rules when proof is obtained from some other source.
8. To grant relief or permit exchange members to place non-board business at less than board rates to protect a member's business where such placing is recommended or approved by the arbitration committee of the exchange.
9. To cooperate fully and observe the spirit as well as the letter of the exchange rules.
10. To fine its members for violation of board rules brought to light by the exchange and in certain cases compel them to get off the risk.
11. Not to appoint any agent in San Francisco unless he is a member of the exchange and to prohibit and fine any company from appointing any such agent whose appointment has been revoked by any company through representations made by the exchange.
12. The board to demand that all dailies and endorsements be filed with it and policy numbers accounted for and the board advised to whom the commissions are paid.

In consideration of these agreements on the part of the board, the exchange would undertake to discipline members when they were found guilty of placing board business for a non-board agent;

placing non-board business without relief; accepting excess commissions; rebating or dividing commissions with unauthorized persons or bad practice; to cooperate fully with the board and observe the spirit as well as the letter of the board's rules. Another agreement which the exchange makes and which it has already carried into effect is establishment of an associate membership with a fee of \$50 and deposit of \$50, such associate designation to continue for five years or until the volume of fire and earthquake commissions exceeds \$500 per annum, when he shall become a full member and pay the difference in fee and deposit. Such associate member to have all exchange rights except voting or serving as an officer or committee member.

President Malatesta also suggests establishment of an "honor roll" of companies, asking whether or not the Pacific Board would be willing to authorize it. Several of these items have already been discussed with the board and both sides are reported to be prosecuting investigation of alleged violations with much greater vigor than in the past. The board has not, however, signified its agreement to the suggested "honor roll."

### Suydam Associate Manager

J. S. Suydam has been appointed associate manager of the Home of New York in Los Angeles, under the jurisdiction of the Pacific Coast department in San Francisco. He will continue supervision of the southern division with headquarters in Los Angeles. He has been with the Home 36 years.

### Idaho Agents' Meeting Set

The annual meeting of Idaho Association of Insurance Agents will be held in Boise, Aug. 26-27, according to President Joseph Perrault of Boise.

### Regional Meet at Wenatchee

WENATCHEE, WASH., July 10.—At the North Central Washington regional meeting here, Keith Rhodes, Spokane, special agent Home of New York, was chairman. C. D. Flanigan, president North Central Agents Association, gave the address of welcome. R. W. Hunner, Spokane, special agent Fireman's Fund group, spoke on "Reduced Rate Average Clause"; E. W. Trenbath, special agent, Seattle, on "Provisional Form"; J. A. Sabiston, Spokane, special agent Hartford, on fire, casualty and marine coverage available on the home, and R. S. Aitken, Spokane, special agent American of Newark, on moral and legal responsibility of local agents.

### Investigate Colorado Fire

DENVER, July 10.—An investigation is being made of the mysterious fire which leveled the Vertex Mill in Cunningham Gulch, 10 miles from Silverton, Col., doing damage estimated at \$375,000. The mill was being prepared for opening, the fire occurring on the eve of this event. The plant had been newly equipped, since it had stood idle since 1930, a year after it had been built. According to reports, the blaze started in the tram house, and although it spread rapidly to ore bins and mill buildings, a crew of volunteer fighters,

working all night, prevented it from spreading to other nearby structures. Latest type machinery for treating ore was damaged beyond repair. It is reported the loss is covered almost completely by insurance.

### Oregon School Rates Reduced

At the request of Commissioner Earle, the Oregon Insurance Rating Bureau has resurveyed Class A and A-B school buildings, resulting in a considerable rate reduction. Mr. Earle requests the resurvey of other classes of risks during the year.

### Pearl to Test Rating Law

OLYMPIA, WASH., July 10.—Preliminary steps looking toward a court action to test the validity of the new Washington rate regulatory law are being taken by Pearl Assurance, according to a statement by A. L. Merritt, following a ruling of Commissioner Sullivan on the status of the Pearl under the new law.

### Adjustment Bureau Appointments

Carrying out the program of expansion in affording additional facilities for automobile business, H. J. Boyle, manager Pacific Coast branch Fire Companies Adjustment Bureau, has appointed O. B. Schmitt at Reno, Nev.; David Lynn at Los Angeles and L. J. Benbrook at Fresno. Mr. Schmitt was for some time a staff adjuster for the Travelers and Glens Falls Indemnity, later becoming an independent adjuster. Mr. Lynn served as an adjuster with the Home Indemnity, later being associated with Talston & Co. in Los Angeles. Mr. Benbrook has had many years of experience as an independent casualty adjuster in Fresno, the territory he will continue to serve with the bureau.

### Priest at Mountain Meetings

DENVER, July 10.—Frank T. Priest of Wichita, executive committeeman of the National Association of Insurance Agents, will be the honor guest at the meeting of the Denver association next month. While in the Rocky Mountain region, Mr. Priest will also attend state association meetings in Wyoming and Utah.

### Brokers Still at Odds

SAN FRANCISCO, July 10.—The Society of Insurance Brokers has issued a spirited and emphatic statement denying the charges that it is a "big broker" organization and that it proposes to freeze out the small individuals in the business. The report that the membership fee will be \$1,000 is termed ridiculous. The membership is limited to 50 although requests for membership have come from an unexpectedly large number. If the Pacific Board approves the organization, action will be considered regarding withdrawing from the Insurance Brokers Exchange, although the society will work in cooperation with the exchange.

Leaders of the Insurance Brokers Exchange have declared strong opposition to recognition of the society by the Pacific Board.

### No Decision in Wyoming Case

No decision has as yet been handed down in the case of the General of Seattle against the Wyoming insurance department. The General is asking an order requiring the department to allow it to issue dividend policies, which the department holds is contrary to the state's standard policy law. When the case came up last week the attorney-general filed a demurrer, which was overruled, and the court held it had jurisdiction.

Several months ago, when Theodore Thulemeyer was insurance commissioner, the General was refused license because of the dividend policy. Later, the state supreme court ordered the commissioner to allow the company to

issue standard policies. If the company wins in the district court, the department probably will appeal.

### Miscellaneous Notes

J. E. McGovern, prominent Spokane local agent, who has been incapacitated for the past few weeks with a severe heart attack, is on the road to recovery. The Insurance Exchange of Portland, Ore., will hold its annual picnic at Jantzen Beach July 18. A. P. Knapp will supervise the day's sports.

Edmond Koeln, for more than 25 years city collector of St. Louis, has been elected a vice-president and director of the General Insurers.

The Loos Insurance Agency, Fort Wayne, Ind., has been incorporated by G. J., J. A., Marie L. Loos and Portia L. Loos.

R. W. Ewing, for many years a leading agent at El Dorado, was elected president of the Kansas Federation of National Farm Loan Associations at the annual meeting in Wichita.



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## EASTERN STATES ACTIVITIES

### Suburban School, Theater Rates Reduced Nearly 50%

PHILADELPHIA, July 10.—The experience on fireproof public and parochial schools having been more than satisfactory, the suburban division of the Middle Department Rating Association has announced a new schedule with rate reductions of close to 50 percent.

#### New Schedules Given

The action in the suburban territory follows close on the heels of similar decrease in rates for schools in Philadelphia. The new schedules for suburban public and parochial schools are: Building, 7; contents, 13, for fireproof structures; building, 12; contents, 18, for part

fireproof, and building, 18, contents, 27, for non-fireproof.

New schedules were adopted also for fire resistive theaters in the suburban field. Rate reductions of as high as 85 percent were contained in the recent new Philadelphia schedule. However, the average reduction in the suburban territory is about 50 percent. No rebates or pro rata cancellations are permitted under the new schedule.

Pipe organs may be written with contents under the contents rate. However, if they are written under a separate policy, the rate is to be the contents rate plus 50 percent.

### Fall River Hazards Removed

The National Fire Protection Association reports that Fall River, Mass.,

has considerably reduced the severe conflagration hazard of the many large vacant mills. A number of buildings have been demolished and others are now partially occupied. Sprinkler protection has been resumed in several and watchmen provided for mills owned by the city. Housekeeping conditions have been improved.

The principal needs in Fall River are a modern and adequate building code, a fire department drill tower and a system of regular, more frequent building inspections by firemen.

In Gloucester, Mass., the drafting of a new building code has been completed and submitted to the city council. Fire protection is being greatly increased by the installation of many new water mains as an ERA project.

### Rochester Board Picnic

The annual picnic of the Underwriters Board of Rochester, N. Y., was held at Point Pleasant on Irondequoit Bay Wednesday afternoon. The program included a ball game, swimming, boating and speed boat riding, with dinner at 6 p. m. and a Broadway floor show and dancing in the evening.

A. J. Bamann was general chairman of the committee in charge.

### Stack to Speak in Rochester

Dr. H. J. Stack, director of the highway safety division of the National Bureau of Casualty & Surety Underwriters, will address a public luncheon meeting in Rochester, N. Y., July 11 sponsored by the Underwriters Board of Rochester.

### Niagara District Elects

NIAGARA FALLS, ONT., July 10.—O. L. Steele of Port Colborne was elected honorary president of the Niagara District Fire & Casualty Agents Association at its annual meeting held here. E. C. Graves is the retiring president.

Howard E. Rose of St. Catharines was

made president; R. C. Young, Niagara Falls, vice-president, and O. C. Horne, St. Catharines, secretary-treasurer.

### Baltimore Society's Outing

BALTIMORE, July 10.—Approximately 350 members and friends attended the annual outing of the Insurance Society of Baltimore.

The afternoon was spent in athletic contests. In the golf "championship" C. B. Gamble and Leon B. Temple were tied for first prize. The prize, a silver loving cup, which must be won three times to become the property of a contestant, will be held jointly until next year.

### Two Big Philadelphia Losses

PHILADELPHIA, July 10.—Philadelphia, which is proud of its low fire loss ratio, recently experienced two large fire losses.

First was on the Philco Radio & Television Company plant. This was an F. I. A. risk and, although newspaper accounts carried the loss at \$400,000, the loss was adjusted by the pool at slightly under \$80,000.

On the Philadelphia plant of the Empire Distillery, which was struck by lightning, loss was almost complete. Although not entirely adjusted, insurance loss will run around \$250,000. Most of the insurance, considerable of which was placed in Chicago and New York, was in the Home and North British fleets. The plant carried no use and occupancy coverage, although negotiations for this line were under way at the time of the fire.

### Opens New Life Department

Douglas A. Lawson, Inc., general insurance agency in Boston, has established a life department, representing the Columbian National Life, with W. J. Breen as manager and Lawrence Fessenden as assistant manager. Mr. Breen was formerly unit manager in the Farnsworth Boston agency of the Equitable Life of New York.

## A Typical Barnwell Driver

THE man whose picture is reproduced below has the splendid record of driving a thirty foot trailer, a piece of equipment totalling twenty tons gross, for three years and seven months without an accident. His name is Walter May. He has been with Barnwell Brothers, Inc., since October, 1931, and his record with us covers more than 500,000 miles without an accident, an enviable record to be sure, but one not gained without constant care, expert driving, expert precision of thought, and willpower.

Walter May is a typical Barnwell driver.



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## MARINE INSURANCE NEWS

### New Marine Rule Rejected

#### Illinois Appellate Court Reverses Judgment for Plaintiff, Finding No Negligence Proved

A principle reported to be new in marine insurance court decisions, that of res ipsa loquitur (the fact speaks for itself) was denied in the case of H. W. Herbst, administrator of the estate of E. W. Herbst, deceased, vs. J. A. Levy, with reversal of the Cook county superior court's decision by the Illinois appellate court and judgment for the defendant. The action was brought for alleged wrongful death of E. W. Herbst in a motor boat on Fox lake, Aug. 5, 1931. Levy was vice-president of a Chicago automobile concern and he and Herbst with several others were running from 12 to 15 miles an hour in the boat. Witnesses testified the boat seemed to rise in the water, then level down and turn over, throwing all of the men out.

Levy was familiar with the operation of the boat, which was equipped with regulation marine lights and life preservers. The lake was calm, water clear and no floating objects discernible, although there was evidence that prior to the accident some pier posts had been seen floating. When the boat was raised, the steering mechanism seemed to be clear and there were but few scratches in varnish on the bottom of the boat. Herbst's body later was recovered. There was testimony that an obstruction sufficient to overturn the boat would cause a mark or dent on the bottom.

The only witness for the defense tes-

tified the boat acted strangely a few seconds before the accident. The appellate court found these facts insufficient to disclose the cause of capsizing. The plaintiff did not seriously contend that defendant was negligent. Furthermore, Herbst was standing and the court found he should have exercised ordinary care for his own safety. The appellate court could find no competent evidence of negligence that could properly have been submitted to the jury. However, the superior court jury returned verdict and judgment of \$8,500 for plaintiff. The plaintiff's case was based on the rule of res ipsa loquitur, argument being that the injury itself was prima facie evidence to support recovery in absence of any explanation by defendant to show injury was not due to his want of care. The appellate court ruled that this doctrine was not applicable and that motion of defendant for directed verdict should have been allowed.

### Householder's Form Can't Be Suppressed, It Appears

As time goes on, it becomes increasingly apparent that the householder's comprehensive policy cannot be kept down. It is a contract that is growing in popularity and is one that is really enthusiastically pushed in the field. In many of the states in which the uniform definition of marine writing powers has been adopted, there have been amendments to permit the writing of the householder's comprehensive.

A good many agents have found this policy a good leader in production campaigns. It has many selling points and



is in many ways the answer to the salesman's dream.

Many of the inland marine departments of the companies are aggressively promoting sale of this form and it is becoming entrenched.

Although the policy is not written on a coinsurance basis, most of the companies require a statement of values and refuse to write the contract unless 80 percent insurance to value is carried. The companies insist upon the assured surrendering his jewelry, fur and burglary policies and the assured is allowed

pro rata return premium. The companies state that every possible item must be covered and the insurance to value must be high so as to provide the wherewithal to meet the broad liability that is assumed.

The companies are not being retarded by the competition of the householders' policy of London Lloyds. Although cheaper, under the Lloyds contract, the 100 percent coinsurance clause must be attached and insurance is provided against named perils rather than being an all-risk contract.

## MOTOR INSURANCE NEWS

### Premium Increase Is Slight

#### Fire and Theft Insurance on New Cars Is Written Largely Through Finance Companies

HARTFORD, July 10.—Increase in volume of automobile premiums this year has been slight. It has not been as great as had been expected. The influx of new cars on the road creates one false impression since most of these merely replace other cars. They do not represent a very large increase in the total insurance market. But in view of improved business conditions, a larger increase in automobile premiums might reasonably have been expected.

The most satisfactory explanation advanced to Hartford executives for lack of any great increase is that the higher cost of living which has taken place this year has hit unusually hard the salaried man and commission man, taking away the free margin which is likely to be applied to insurance purchase. Established in many different investigations is the fact that a man will buy an automobile whether he has a margin or not but he will risk driving that automobile without insurance unless he has an unusually keen understanding of loss possibilities. The point is emphasized that the insurance man, as living costs become higher without correspondingly increased incomes, will have to make a much more sustained and intelligent sales effort to get the automobile insurance premium dollar.

#### Written by Finance Companies

Fire and theft insurance on new cars is written largely by finance companies. Thus agents have not profited greatly in this field from the unusual distribution of new cars this year. It is reasonable to suppose that they should profit more next year when the finance companies' interest in the car has disappeared. One company definitely instructs its agents to make a 10 months follow-up after the purchase of a new car to clinch the insurance for the second year.

The more hopeful field for getting the fire and theft business appears, however, in the efforts which agents are making to offer car purchasers a substitute plan for the financing plan. The first class financial risks, buyers of cars, may be shifted to banks. So widespread has been this movement that journals like "Business Week" have commented upon it in their columns, indicating that the bankers are ready to go after this kind of business strenuously in competition with the finance companies.

#### Should Have Accurate Data

Agents, it is suggested, should have accurate data as to the financing costs and the insurance costs, breaking down these items when at all possible to show the prospective purchaser the high cost of using the services of finance companies where he is paying not only a high price for the cost of money but also is paying a large additional sum for collectors, form letters, and an elaborate operating procedure, which is entirely unnecessary if he is a first class financial risk.

Some agents find themselves facing a sharp conflict of interests when they

must decide between antagonizing the garage owner and automobile dealer, who also operates a finance company and whose insurance they carry, and trying to get more of the automobile business by encouraging the local banker to compete in the car financing field. Many agents will find it difficult to go counter to the automobile dealer's interests because they will be doubtful about getting enough individual cars to compensate for the possible loss of the big risk.

### Consider Cost Plus Basis for Auto Finance Lines

Some consideration is being given these days to the idea of writing automobile finance accounts on a cost plus basis. It is generally admitted that in handling the large finance accounts, as a practical matter, adjustments must be made to correspond with the experience. This may be done either by reducing the rate or increasing the commission. It is seemingly impossible to enforce rigid rules for the writing of these large accounts and some of the automobile insurance executives have come to the conclusion that the subterfuges might as well be abandoned and the business handled frankly on a cost plus basis. One suggestion is that the finance company be charged the full manual premium and then be given a refund at the end of the year or if the experience is bad, pay an extra premium to bring the insurer out whole in respect to losses and expenses paid, plus a charge of perhaps 5 percent.

### State Auto Deviations Approved

Petition of the State Automobile Mutual of Columbus, O., to file deviations in automobile fire and theft rates in Virginia 10 percent below those previously filed and approved Oct. 31, 1934, has been granted by the corporation commission of that state.

### Bonus Offer Extended

SAN FRANCISCO, July 10.—The bonus which the National Automobile Club agreed to pay to agents in addition to regular commission on memberships in April, May and June resulted in such greatly increased membership figures that the arrangement is to be continued this month, H. E. Manners, associate general manager, announces.

### Auto Locks Are Improved

In recent months, after a study of automobile thefts involving the picking, mechanical defect, or use of master keys on key-operated locks, the Underwriters Laboratories has tested thousands of locking cylinders of improved design. Various old, new, and specially-devised lock picking tools, supplemented by expert picking technique, have been applied in judging whether locks are suitable retardants against organized and expert thieves.

Several designs of highly theft-resisting locking cylinders are now available for use on automobiles, doors of buildings, lockers, and for many other applications.

The keys for improved locking devices

are supplied without numbers so as to guard against unauthorized duplication of keys. The use of duplicate and master keys is rendered still more difficult by the character of design and the special and elaborate key-cutting machines required to produce 250 or more keys in a complete series of changes.

### St. Paul F. & M. Gets Credit

To the St. Paul Fire & Marine goes the credit for the recent change in the comprehensive automobile policy, whereunder it is specifically stated that glass breakage is covered under all circumstances. The National Automobile Underwriters Association took this action, after the St. Paul had sent a communication to its agents, announcing that it was interpreting the comprehensive policy to mean that glass damage was always covered. Under the form, before amendment, there was ambiguity and a good many of the companies were refusing to pay glass damage that was incidental to other collision loss.

### James Returns to Utah

L. H. James, special agent of the Security of New Haven companies in the Los Angeles metropolitan territory for the past nine years, has become manager of the Security General Agency of Salt Lake City which is general agent for the Security companies in Utah and southern Idaho. The Security General Agency, formerly Hooper-Knowlton, Inc., has represented the companies many years. Mr. James entered insurance with the Pacific Board in Salt Lake City, becoming special agent for the Great American and Phoenix in the mountain territory and later special agent for the Security at Los Angeles in 1926.

### Best in New Suit Against J. E. Dunne

#### (CONTINUED FROM PAGE 2)

circulates in legal, insurance, banking and mercantile circles.

The charge is made that Dunne, with intent to compete unfairly, to take fraudulent advantage of the reputation and good will of the Best organization, conspired to infringe the rights of Best in publishing Dunne's International Insurance Reports. It is charged that the information and statistics in Dunne's book are largely taken from the Best books of 1930-1934 inclusive.

#### Damages Are Asked

The court is asked to require Dunne to deliver to the court to be impounded all copies, bound and unbound of his reports, together with plates, negatives, posters, advertisements and other instruments for making, exhibiting, advertising or selling such copies. Then the court is asked to require of Dunne to account for all books and to pay Best all of the profits or savings by reason of infringements and damages.

The law firm of Fisher, Clapp, Soans & Pond of Chicago will try the case for Mr. Best. They are being assisted by John McElraevy, general counsel for Mr. Best of New York.

### D. C. Boney Gives Frank Viewpoint

#### (CONTINUED FROM PAGE 2)

may expect all other states to adopt similar and more drastic measures in order to prevent preferential treatment of injured employees in any given state. However, the measure was enacted in New York and four other states. Although 1 percent of the gross premiums may carry a rating load to take care of this special fund, he still thinks this will be grossly inadequate and therefore funds will have to be derived from the general assets. He expressed surprise

that the casualty companies gave their assistance to the establishment of this precedent.

Commissioner Boney looked at the question from the standpoint of employers. Rates will have to be loaded to take care of this 5 percent guarantee fund. Therefore the employer is not only paying an adequate premium to take care of losses occurring in his own risk but he is asked to make an additional contribution to take care of the insolvency of carriers on other risks in which he is not interested. He thinks that such laws will encourage self insurance and also tend to promote state funds. Commissioner Boney thinks that the commissioners should work towards the repeal of such laws.

President Boney said that some are inclined to unduly criticize the casualty business. It is still in its infancy. Twenty-five years ago workmen's compensation and automobile liability insurance were unheard of. Casualty insurance, he said, is still in an experimental stage. It deals entirely with the legal human equation. Fire insurance deals in inanimate property values and life companies with mortality tables. The casualty and surety business, he says, bears the brunt of human passion and legal liabilities imposed by courts. He expressed confidence that the casualty officials have learned a valuable lesson that will prove very helpful to them.

#### Federal Insurance Legislation

Calling attention to the United States Supreme Court decision in the NRA issue he said the principle laid down has a very definite bearing upon the question of federal regulation with respect to states' rights in upholding the principles heretofore adhered to by the several states and concurred in by insurance companies so far as the insurance business is concerned.

He commended the National Association of Insurance Agents and the companies for working out a mutually satisfactory plan in dealing with the HOLC.

Commissioner Boney called attention to the fact that the workmen's compensation rating program has become nation-wide through the cooperation of the commissioners' convention special subcommittee, working jointly with compensation carriers and a committee from the National Association of Insurance Agents.

President Boney said that the convention subcommittee should be retained in order that it may review the results of the program over a long period so that as additional experience is developed further recommendations may be made.

A special committee of the convention was appointed to work with representatives of the companies in conjunction with the listing of insurance stocks under rules and regulations of the Securities & Exchange Commission. Conference with the companies resulted in the adoption of rules and regulations for the qualification of insurance stocks that he says will prove entirely satisfactory.

#### Tribute Paid Loan Agents

President Boney paid a notable tribute to the agents who stood as buffers between purchasers and companies when credit crumbled. Company balances had to be paid and customers' credits extended. The agent, he said, stood in between the lines and many a one had to sacrifice his savings and even mortgage his home to meet his obligations. Of this sacrifice the companies report a charge off of less than .3 of 1 percent for unpaid agency balances. He said that such a testing has proved conclusively the agent's place in the business and his value to his clients. Many agents were unable to collect from their customers and this has resulted in their retirement from the business. Commissioner Boney said that those who withstood the strain while crippled have become better agents and the personnel, he thinks, is higher than ever before. He said the awakened agent is asserting his influence in equitable rating, in highway

safety, in factory accident prevention, fire prevention, and civic and social betterment. "He is a financier and social worker, honoring his insurance business and enriching his community. We should do well to recognize the importance of his position and take him into our councils," said Commissioner Boney.

## To Recognize Farm Fire Departments

(CONTINUED FROM PAGE 3)

department would still be of limited value unless it would find on arrival at the fire, an adequate water supply. Mr. Goss told the telephone people that such a set-up if offered in its entirety would merit the favorable consideration of farm underwriters.

The telephone representatives said they believed this proposal offered a practical solution of the question and they would accept the challenge by heading a movement for the organization of this program widely, provided rate recognition would be given by the underwriters.

From this beginning the project has advanced rapidly. The rate committee of the Farm Association in its recent three day meeting, devoted an entire session to discussing the details of the plan and its bearing on the welfare of the farm business. The committee voted unanimously in favor of a credit of 10 percent of the basic fire and lightning rate for protection meeting these specifications. This recommendation went to the regular meeting of the managing committee and was approved without a dissenting vote. "By this action the Farm Association keeps pace with its past record, as a practical progressive and forward looking organization and stock fire insurance again gives proof of its leadership in matters of public safety and welfare," Mr. Goss comments.

### Leader in Telephone Ranks

For the Independent Telephone Association this project is headed by E. C. Blomeyer of Chicago. He is a member of the executive committee of his association and is vice-president of Theodore Gary & Co., of Kansas City, which has 90 companies in Illinois, Indiana and Ohio. Mr. Blomeyer has taken an enthusiastic interest from the start, believing that besides the added value which will attach to the telephone, this project will give to the telephone companies an opportunity to render a community service. Mr. Blomeyer has talked to dozens of managers in several states and these have expressed their favor and their intention to cooperate.

While the question of rate recognition has been under discussion by the Farm Association, he has kept in touch with developments and immediately following approval of the rate credit, he set the wheels in motion. He is now organizing a special committee on which each state of the central west will be represented by a telephone manager and he will have a meeting of this committee in Chicago during the summer. He states he already has an understanding with six telephone companies in three states that are now ready to start with fire department organization in their towns.

### To Have Big Meeting

Mr. Goss has carried on the promotion of this project through the Farm Association with the full support of President F. H. Cornell and its managing committee. From this point the promotion will be continued by him as an activity of the agricultural committee. He will invite all organizations interested in reducing the rural fire waste to lend their influence and support. In early September he will have a meeting in Chicago, with all the interested organizations represented, including the telephone people, farm underwriters, fire equipment manufacturers, Underwriters' Laboratories, Western Actuarial Bureau, National Board

and National Fire Protection Association.

This, appears to be the biggest movement ever undertaken toward extending efficient motorized fire protection to the rural districts and far-reaching results are expected. Observers give credit to the Independent Telephone Association, to the Farm Association and to Mr. Goss as the author and chief promoter of the enterprise.

## Predict Moderate Increase in 1935

(CONTINUED FROM PAGE 3)

amusement structures was largely overdone and it may be years yet before any real need arises for new building. Rather will such activity as obtains in the building line take the form of modernizing existing structures; a considerable amount of which has already been done with more in progress.

However admirable this may be from a property-owners standpoint, it will not increase greatly the premium income of the fire companies. Recognizing this fact underwriters are centering their plans upon the development of the so-called "side lines" several of which have already attained proportions as to warrant a more dignified appellation. Notably is inland marine business regarded with favor, for the variety of its offerings and the opportunities for their sale seem well nigh limitless.

## Chicago Board in Appeal for Voluntary Compliance

(CONTINUED FROM PAGE 2)

listed are presumed to have received excess commissions in the past. Other similar lists will be sent out from time to time. W. W. Hamilton is superintendent of the department of investigation.

### Penquite Joins Yenter

DES MOINES, July 10.—Leon M. Penquite, who has just retired as deputy commissioner of Iowa, has entered the practice of the law in Des Moines with Ray Yenter, former Iowa commissioner.

### Can't Force Cities to Insure

The Montana supreme court has held that municipalities cannot be required to insure in the state fire fund, recently created by enactment. Otherwise the law is found constitutional.

### To Start Marine Course

The 1935-36 ocean marine course based on the outline of the Insurance Institute of America has been announced by the Insurance Society of New York. Registration will start Sept. 23, all classes being held Thursdays from 1 to 2 p. m. in the New York Board rooms. The cost to members is \$7.50 and to nonmembers \$12.50. W. I. Plitt, underwriter of the Atlantic Mutual, will be the lecturer. The course will start Oct. 17 and end April 2, 1936.

### Keegan Host to Group

NEW YORK, July 10.—Members of the acquisition cost committee of the Inland Marine Underwriters Association will be entertained at the Squantum club in Providence tonight by President J. C. Keegan, who is marine vice-president of the Providence Washington.

### Inspect Liner "Normandie"

NEW YORK, July 10.—Through the courtesy of the management of the French steamship line some 200 fire and marine underwriters were accorded a complete inspection of the crack new liner "Normandie" here yesterday. Officers of the vessel explained to the visitors the fire prevention and extinguish-

# VIEWED FROM NEW YORK

By GEORGE A. WATSON

## PLAN QUALIFICATION COURSE

A fee of \$40 is set for the series of 60 lectures in the New York Insurance Society's insurance brokers' qualification course for the state of New York, which will open in the fall and run 20 weeks. Other details, such as how frequently lectures will be given, hours and location, are still to be determined by a committee consisting of A. C. Goerlich, secretary Bronx Insurance Men's Association, chairman; E. R. Hardy, secretary of the society and W. A. Riordan, manager Automobile of Hartford. The fact that this is the first year that a qualification course—or an alternative of a year's work in an insurance office—has been required by law makes it more difficult to determine the best possible location and how many "students" are likely to want to take the course. The insurance department issues about 1,000 new brokers' licenses a year, but it is quite likely the increased cost—\$40 for the course plus the usual \$20 license fee—will deter a good many of those who would otherwise apply for licenses.

The present plan is to start the lecture course in October and conclude it in April. It is believed likely two courses a year may be necessary but more than two would be undesirable because it would involve running a course in the hot months. The lectures are given in line with educational requirements laid down by the Insurance Institute of America. The examinations will be given by the institute twice during the course and once at the end. As soon as possible the society will print a syllabus for the benefit of prospective students.

## COMPLETE REORGANIZATION URGED

A complete reorganization of fire prevention work in New York City is necessary, the National Fire Protection Association contends. The N. F. P. A. is submitting to the New York charter revision commission and to other organizations a recommendation that the fire prevention bureau be returned to the fire department and that a complete codification of existing fire prevention rules, regulations, laws and ordinances be made so that one fire prevention code to be administered by the bureau of fire prevention will be in effect. The N. F. P. A. also suggests that unified

control of the building departments of the five boroughs be effected on a city wide basis so that there may be reasonable cooperation between the building and fire departments.

The N. F. P. A. recalls that in May, 1933, the functions of the bureau of fire prevention of the New York fire department were transferred to the building departments of the five boroughs. The N. F. P. A. engineers find that the effect of this transfer has been very serious. There is confusion and ill feeling and court actions among city departments. Decisions of the courts and rules of the city corporation counsel have not been effective. For instance, the fire department and the various building departments are interpreting the law differently on the question of approval of oil burner installations.

The right of the fire department to inspect buildings for common fire hazards has been taken away from the New York fire department and routine inspections by firemen have been largely abandoned. There is no control over rubbish and other common hazards or over the maintenance of stand pipes and sprinklers. In none of the five boroughs is it the practice of the fire prevention inspectors to file with the fire department records of their inspections.

## LUDDLUM ENDS SECOND CIRCUIT

C. A. Ludlum, widely known and highly popular former vice-president of the Home, is again in New York, having recently completed his second trip around the world. He was never in better health than he is today.

## A. E. CLOUGH HONORED

A. E. Clough, secretary of the loss committee of the New York Board, was tendered a complimentary luncheon by the members on the completion of 25 years' service in that capacity. Hart Darlington, president of the board, spoke. Others attending were: O. E. Schaefer, vice-president, and D. F. Gordon, executive vice-president of the board, and the following members of the loss committee: W. A. Riordan, chairman; A. H. Hanners, vice-chairman; J. W. Begg, A. J. Smith, C. A. Nottingham, W. J. Reynolds, W. B. Ogden and Arthur Lenssen, Jr.

## Land Bank Requirements of Farm Mutuals Are Outlined

George W. Howes of Elmhurst, Ill., in a paper presented at the annual convention in Springfield, Ill., of the Illinois Association of Mutual Fire & Windstorm companies, brought out the fact that the federal land banks have exacted three requirements of farm mutual companies. In the first place, use of the New York standard policy is demanded. Then there must be issued the mortgagee clause, prescribed by the land banks, on all policies covering properties on which the land banks are mortgagees. There is a third requirement, which will not be insisted upon, however, until another year. This would require each farm mutual company to carry a cash reserve, equal to the amount of its largest single policy. Since in most states the farm mutual companies are on the post mortem basis, creation of such a reserve entails practical and statutory problems and the land banks have given them another year to work out the problem.

Three officials of the Federal Land Bank of St. Louis attended the meeting. They were J. M. Huston, vice-president and treasurer; Judge Hill, general counsel, and F. J. Steins of the bank's insurance department. Policies of farm mutuals with satisfactory reinsurance plans will be accepted.

ment devices of the latest maritime marvel. Notably were the underwriters interested in the central fire control equipment, by which incipient fire in any section of the vessel could be instantly detected. The fire hazard was generally conceded to be practically nil. Earlier in the day a fire drill of the crew was given for the benefit of the federal shipping authority.

## Plan New N. Y. Rule Book

At the annual summer meeting of the Underwriters Association of New York State at Syracuse July 9, approval was given the publication in loose leaf form of a new rule book, to be available Aug. 1. Changes are all of a liberalized character, broadening the coverage granted assured.

## Will Introduce the Code

Ernest Palmer, Illinois insurance director, was in Chicago en route to the Insurance Commissioners Convention at Seattle. He stated that Governor Horner would include the insurance code in the legislation to be considered at the special session of the legislature next fall. There will be but few changes in the amended draft that passed the Illinois house to be presented at the special session. Mr. Palmer feels that the code will have a much better chance in the forthcoming session.



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# The National Underwriter

July 11, 1935

CASUALTY AND SURETY SECTION

Page Twenty-seven

## Finds Reasons for Lloyds Campaign

**Greatly Increased Number of London Underwriters Starved for Business**

### RECKLESSNESS IS SEEN

**Constructive Leaders Deplore Direct Activity in U. S. That Is Likely to Raise Nationalism Issue**

Some of those who are acquainted with the workings of London Lloyds say that the current drive for direct business in this country in competition with regularly licensed institutions is due to the fact that the London Underwriters are starved for business.

Prior to the war there were about 700 underwriters at London Lloyds, whereas there are now about 1,500. There is less business to go around and a certain element of the underwriters is reaching across the fence into new pastures in hungry fashion.

What might be termed the constructive leaders at Lloyds deplore any activity that is likely to have the effect of stirring up international feeling in the insurance world. They say, however, that a good many of the newer members at Lloyds are irresponsible and cannot be controlled. The leaders feel that this craving for volume is leading the reckless element into dangerous paths. For the past two years, the irresponsible crowd has been able to get by with dangerous practices, because of the luck of the times. However, the leaders feel that unsound commitments are being made that may cause failure and may force the responsible underwriters to assume losses.

The competition in this country for direct business of various kinds is not coming from those London underwriters who are getting a good share of reinsurance from the United States. Those interests are fully satisfied with the reinsurance premiums and are careful not to pursue any practices that would give offense.

One theory as to why certain of the London underwriters are making a bid for direct business in this country is that reinsurance from America is not spread throughout the London street. A few syndicates get the lion's share of the business and many of the London underwriters do not participate. Accordingly, the latter, with nothing to lose so far as reinsurance connections are concerned, proceed to transact a direct business in the United States. They are aided and abetted by brokers in the United States, more and more of whom seem to be using Lloyds offensively. A good many American brokers who have Lloyds' contracts state that they use these facilities only to protect themselves, but there seems to be an increasing tendency for American brokers to employ their Lloyds' facilities aggressively and to place Lloyds in competition in new lines with direct writing American companies.

## Massachusetts Accident Is Quitting the Non-Can Field

**ACTION DUE TO DEPRESSION**

**President McNeill Says Many Policyholders in Hard Times Fell Back on Insurance Benefits**

BOSTON, July 10.—The Massachusetts Accident, first company to write a non-cancellable accident and health policy, in 1915, announces all present forms of non-cancellable accident and accident and health policies shall cease as of July 15. All applications fully completed and with check for first premium will be received up to that date. No extensions, additions or increases will be made in any existing non-cancellable policies after July 15.

To limit the total production of this business within the time specified, a maximum quota has been assigned each general agent and direct reporting agent, who will not be permitted to write annual premiums in excess of \$100 plus half the amount of annual premium written during June.

The company wrote non-can. at age 60 policies up to 1926, when the present form was introduced. The depression is charged as the cause of the action by President C. W. McNeill. Much of the business was written with lawyers, doctors and dentists who, when business declined, fell back in increasing numbers on the benefits of the non-cancellable health policies.

The Massachusetts Indemnity of this city, which has been specializing on "non-can," is continuing that line as heretofore.

sively and to place Lloyds in competition in new lines with direct writing American companies.

London Lloyds has something of a magic name in this country. Probably people do not visualize the institution as being composed of individuals with human strength and weaknesses. The public makes no distinction between the various underwriters and syndicates and probably very few of the American brokers feel that there is any difference. As a matter of fact, the strong and responsible underwriters at Lloyds look with just as much suspicion and have just as many misgivings about the irresponsible and reckless element as do the strong insurance operators in this country towards the fly-by-nights.

### AWAIT AMENDED AGREEMENT

NEW YORK, July 10.—Surety company officials are still awaiting receipt of the amended agreement submitted to London Lloyds some time ago and anticipate its arrival within the next week or two. The agreement provides in effect that in consideration of the withdrawal of the individual underwriters of Great Britain from the bankers and brokers blanket bond field here, the home companies will cede reinsurance of approximately \$3,000,000 in premiums annually. One of the points that delayed consummation of the contract is understood to have been the matter of commissions, and that, it is reported, has been satisfactorily adjusted.

## President Cole Speaks Out Against Commission Cuts

**MAKES TALK IN NEW ENGLAND**

**Reductions in Minnesota, Wisconsin and New York Indicate Alarming Trend, Agency Leader Says**

The compensation situation was the principal topic of the address of E. J. Cole of Fall River, Mass., president of the National Association of Insurance Agents, delivered before the meeting of the New England Associations of Insurance Agents, at Dixville Notch, N. H.

Mr. Cole, contending that agents, both individually, and through their associations, have worked with the insurance companies in an attempt to make the compensation line more desirable, severely criticised the companies for reducing commissions in several states and also for certain developments of the assigned risk plan.

### Unfair to the Agents

The commission situation, Mr. Cole contended, is unfair to the agents because the companies have compelled the agents to contribute to the losses out of their commission, while they have failed to take a proportionate reduction in their allowance for administrative expense. Agents, he stated, cannot properly service compensation business at the commissions allowed. The action of the New York department in following Wisconsin and Minnesota on the reduction of agents' commissions indicates an alarming tendency and Mr. Cole called upon the agents to check it before it spreads further.

Referring to assigned risks, Mr. Cole scored the attitude of the companies in not compensating the agents on business of this type, claiming that a compensation risk which is so undesirable that a company does not wish to write it, needs the services of an agent more than any other. He said if the companies will not pay commissions they should nevertheless compensate the agents for services rendered in connection with claims, inspections and payroll audits.

### Renewing the Line

Another feature of the assigned risk situation brought out by Mr. Cole was that at expiration the company to which the risk is assigned is required to renew the line as regular business and not as an assigned risk unless 30 days notice is given in advance of its unwillingness to carry the risk as regular business. Mr. Cole contended that at expiration an assigned risk should go back on the market and should be eligible to renewal with full commission if the agent can find a company which is willing to write it.

The agents must be alert, Mr. Cole concluded, to point out to the assured that the company must write an assigned risk and hence that, regardless of how much it may demand collateral lines, it is not necessary to place any other business with that company. The tendency during recent years on the part of companies demanding all collateral business of the assured in return

## C. W. Hobbs Scans Compensation Sea

**Urgent Action of Commissioners Not Required on Any Matters Today**

**MAKES SEATTLE REPORT**

**Covers Disease Situation, Assigned Risk Plans, Test Audits, in Report to Commissioners**

Action is not urgently required by the National Convention of Insurance Commissioners on any compensation matters, C. W. Hobbs asserted in his report to the convention at Seattle. Mr. Hobbs is special representative of the Insurance Commissioners Convention on the National Council on Compensation Insurance.

Although greater uniformity in compensation acts would be most valuable, Mr. Hobbs expressed the belief that this would be too ambitious an undertaking. In time to come, he predicted, there will be pressure towards general adoption of the laws of the more progressive states.

### Occupational Disease Issue

He predicted there would be a disposition towards a more general cover for occupational disease. He said the North Carolina law is well worth consideration. An occupational disease act, he said, should either contain a definition of occupational disease or should cover specific diseases only. Then there must be definite conditions as to what shall constitute the date of disability, who shall be held liable and what limit shall be set as to the time within which disability or death shall follow exposure. There is necessity for requirements as to examination of employees prior to and during employment and provision whereby an employee in the earlier stages of a disease may obtain employment.

The present method of computing rates has, in the past year, begun to produce decreases in enough states to indicate that the slacking of economic tension and progress of business recovery are having their expected effects.

### Assigned Risk Plans

Mr. Hobbs discussed several of the well known compensation developments of recent months, particularly the trend towards making provisions for greater security for payment of insurance obligations.

He referred to the development of assigned risk plans, citing the theory that under a system of private insurance, there is a possibility that some

(CONTINUED ON PAGE 38)

for writing the compensation insurance will otherwise cause agents and assured alike to expect the same from companies writing assigned risks, unless they keep this point in mind.

## Big Development in Product Liability Cover Predicted

J. C. HONEYWELL GIVES VIEWS

**Declares Protection Is Just as Necessary as Any Form of Public Liability**

BALTIMORE, July 10.—Product liability insurance within the next ten years will outrank all other public liability premiums written, according to James C. Honeywell, assistant secretary New Amsterdam Casualty. Mr. Honeywell made this assertion in a talk before a meeting of Baltimore controllers.

"Within the past few years product liability has come very much to the fore and rightly so," he said. "The actual premiums collected by insurance companies for this form of insurance has trebled in the last year and I think the losses have quadrupled."

"The policy protects the manufacturer for his liability in preparing the product and it also protects the retailer for his liability in connection with the handling of any products he puts up himself or in connection with the products of others that he retails. The various warranty laws as recently construed by many of our appellate courts, particularly the provisions on that subject in the uniform sales act have pretty well defined the right of the purchaser to collect damages from the retailer even though it is a product manufactured by someone else and sold under its original label."

### Important Form of Cover

"In other states where this would not be the case in connection with a box of candy, it would be the case in connection with the cosmetics or a medicine. Indeed, I am convinced today that product liability for a department store is just as necessary as any other form of public liability insurance."

"Product liability is a rather new form of insurance with the companies, and being unseasoned, the policy clauses and conditions are not uniform and there is great variance in the type of cover which is afforded for the several companies. There are a few points which I might mention that should be especially checked."

"In the first place a product policy should be broad enough to cover disease, illness, and mental anguish, even when there is nothing in the product except what is supposed to be there. To illustrate, a certain face powder may be harmless to the average individual, but there may be one who has an idiosyncrasy for that particular blend and it produces a rash. The wording of some product liability policies would not be broad enough to cover such a claim. This type of claim, although rather new, represents a very great public liability hazard to be insured against. Take aspirin, for example, a harmless remedy for most people, but there are some who react abnormally to it. A good lawyer can do and did do a beautiful job of collecting damages in such cases."

"The retailer should, in his own name, have a product liability policy to cover those products that he himself might make and sell and to cover whenever they have no redress against the manufacturer or the manufacturer is out of business or is a foreign manufacturer and not amenable to suit in this country or the insurance carrier for the manufacturer's insurance is broke, and for a thousand and one other reasons."

### Opens Newark Branch

The Manufacturers Casualty has opened a branch office in Newark located in the Military Park building. J. F. Carey is resident manager.

The General Insurance Agency, Indianapolis, has been incorporated by A. F. Heine, J. C. Ruckelshaus and J. K. Ruckelshaus.

# Suggestions Are Made for Truck Safety Work

H. P. Gaughran of Cleveland, who specializes on long distance truck and bus insurance, is a believer in a safety program for handling these risks that will reduce hazards to as low a point as possible. The handling of long haul truck business especially is fraught with great peril. Mr. Gaughran has his office in the Empire building at Cleveland. He contributes the following:

"It is hardly necessary to emphasize the obvious fact that trucking insurance hazards are definitely minimized by adequate and thorough safety supervision. This applies from the moment the assured asks for coverage and at regular intervals during the term of the policy. Naturally, the insurance salesman or agent is primarily interested in earning the commission he will receive for a policy written. Therefore, it is only human that he will be more interested in the placing of the policy than in the risk involved. It follows logically that from the standpoint of the carrier, if he wishes to conduct his business at a reasonable profit, it is essential that he exercise absolute control over the operations of every assured. Unless this is done, it is inevitable that carelessness will creep in and accident frequency will increase."

### Safety Program Is Proposed

"What I propose to do is to outline a clean-cut safety supervision program that, in my opinion will reduce trucking insurance hazards to a minimum and materially aid in making the business more profitable to the carrier. My plan calls for starting with the applicant—investigating his desirability as a risk—and following straight through to the termination of his policy. The procedure would be as follows:

(1) The complete history of applicant would be obtained, including past insurance carriers, amounts of premiums paid and losses (if any), reasons for cancellation of previous policies, references as to credit standing and general dependability of applicant, his methods of operation, and such other information as shall be necessary to determine, upon investigation, whether applicant is a good risk or not."

### Should Have Thorough Inspection

(2) Thorough inspection of each piece of equipment to determine whether and to what extent it conforms with regulations set up by the various states in which it may operate; also, with regulations set up by the insurance carrier."

(3) All drivers and helpers to be required to fill out a form giving complete personal history for at least five years, including any accidents, traffic violations, and names and addresses of nearest relatives, also, driving license numbers."

(4) The development of a complete card index system covering every assured, driver and helper, which will contain a complete case history of each individual from the time of date of policy, and to include all accidents and failure to abide by established regulations. This information to be made available to claim and underwriting departments for analysis."

(5) Each individual truck insured to be given a definite insurance company number for purposes of identification in the event of accident. This, also, will obviate the substitution of other equipment not covered which may be involved in an accident. A further advantage of this feature is that it will make easier identification of equipment on the road, and at inspection stations."

(6) A definite safety program to be followed by the employees of the assured, this program to be developed by the carrier, which will include the formation of safety committees, and the establishment of some sort of bonus

system, or merit rating, under which careful drivers will be periodically rewarded."

(7) The foregoing has been designed to cover everything prior to the actual operation of the equipment on the road. Now, before the truck is permitted to start on its trip, it must be thoroughly checked and inspected by the assured's mechanics. This check-up will include: brakes, horn, battery, lights, steering gear, windshield wiper, exhaust gaskets to prevent asphyxiation or drowsiness, fuses, lanterns, pot torches, red flags, reflectors, rear view mirrors, stop lights, general condition of motor, condition of tires and spares. No truck will be permitted to operate without a spare tire. Extra kit of light bulbs will be required. First aid kit will be required. Instructions kit, in case of accident, will be required, and drivers taught as to its use."

(8) On the road, inspection stations should be set up approximately every 100 miles, where trucks must stop and be inspected. A report should be filled out by station attendant, signed by both the attendant and the driver. One copy given to driver; one copy to be retained by attendant; third copy forwarded to the inspector for the carrier."

(9) Adjusters to be established every 100 miles and to operate within a radius of 50 miles from their offices. A list of these adjusters, with telephone numbers and addresses, to be given to each driver; and a similar list to be posted in each inspection station."

(10) Safety supervisor to contact various state officials with a view to explaining to them what is being done to eliminate accidents on the highways, to develop a better understanding in the various states of what is being done and to create a better spirit of cooperation among the highway police and others."

(11) Upon arrival at destination, truck is to be checked in the same manner as at start (Par. No. 7)."

### Trucks Equipped with Governors

(12) All trucks shall be equipped with governors not to exceed 40 miles per hour; free wheeling absolutely forbidden; safety supervisor to be given authority to discharge driver immediately if found violating this rule. This is one of the greatest road hazards at the present time!"

"All the foregoing, wherever reports are required, will be provided by necessary forms which will be returned by the assured, drivers, and road inspectors, to the safety supervisor, and these will be carefully checked against the card records of each piece of equipment and each driver, the sole purpose being to see that everyone under coverage complies with the regulations."

"As a further development of this plan, the claim department will furnish the safety supervisor with a complete record of each accident, monthly, these accidents to be analyzed and such steps as may be necessary taken to prevent repetition. The underwriter then will be furnished with an analysis of accidents preventable and unpreventable. Loss ratio to be figured on case of high accident frequency so that rates can be increased quickly in order that risks can be put upon a more profitable basis. It has been proved that without the proper safety supervision the writing of trucking has not been entirely profitable. Conversely, it has been proven that this type of insurance can be made profitable with proper supervision."

"While the foregoing has been prepared to cover the general trucking industry, it obviously cannot take into consideration every individual case. It represents what I believe to be as nearly an ideal condition as it is possible to attain in the handling of insurance in this particular industry. How-

## May Curtail Hotel Liability Unless Experience Is Better

BLAME CLAIM-MINDED PUBLIC

**Premises and Equipment Should Be Repaired, Reconditioned—More Consideration to Prevention Needed**

NEW YORK, July 10.—Unless there is an early and distinct improvement in loss experience on O. L. & T. liability on hotels throughout the country, writings will be restricted so that the risks will be difficult to place. The bad record on this line has continued for years despite rate advances. The increased accident frequency is due to the claim-mindedness of the public as little excuse seems to be needed to submit a claim for injury against hotels. Further rate increases no doubt will be necessary, although the limit eventually will be reached."

Hotel managers are placed in a difficult position with respect to claims made by guests for alleged injuries. It is feared that denial of liability will result in a loss of patronage and that the house will get a reputation for illiberal treatment of its guests. As a consequence, many managers consider demands for reputed injuries as nuisance claims and pass them along to the insurance company with request that they be adjusted without adverse publicity."

Another factor involved is the deterioration of hotels during the depression, which has created a great many hazards which could be corrected. A particular cause of accidents in hotels is defective plumbing and numerous claims of severe scalding in bathrooms are being filed. Hotels and other public gathering places will be always subject to injury claims, but the present experience can be materially bettered if the management devotes more attention to accident prevention. Employees should be educated in safe practices and forced to report any bad conditions in equipment or furnishings. The increased revenues of the hotels since the repeal of prohibition have placed them in better financial condition to make the necessary repairs and reconditioning of equipment."

ever, I know of several risks that are being written today without any safety supervision whatever, with \$25/\$50,000 policy, the primary carrier of which gives no attention to safety and trusts to luck to guide the equipment over the highways with whatever the driver has."

## Tower Mutual Acquires Some Additional Assets

CINCINNATI, July 10.—Robert A. Hicks, secretary of the Tower Mutual, Cincinnati, states that should the receivership of the Jack C. Sharp Insurance Agency, Inc., be made permanent, it would not materially affect the Tower Mutual since additional assets contributed to the surplus of the company with the approval of the Ohio department do not show in the last published statement which is given in the Argus Casualty Chart."

Mortgages on real estate shown in the company's portfolio do not exceed 38 percent of the 1935 appraised values. Mr. Hicks said, whereas legally loans may be made up to 68 2/3 percent of appraised values."

Although the Tower Mutual before its rehabilitation operated more or less locally in Cincinnati, under the new management the company is operating on a state wide basis with the intention of making application to enter several other states. It was recently licensed in Oklahoma. It reinsures in excess of \$5,000/\$10,000 limits with the American Reinsurance.



## Common Law Suits for O. D. Ruled Out

Illinois Appellate Court Closes Another Channel of Recovery

### LACK RIGHTS OF ACTION

Test Cases Dispose of Many New and Amended Claims for Injuries in Industry

Common law suits for damages due to occupational disease have been thrown out in Illinois by decision of the Circuit Court of Appeals in the cases of Joe Sylvester vs. Buda Company, and Howard McCreery vs. Libby-Owens-Ford Glass Company. These were upon appeal from the Cook county circuit court. They were test cases affecting disposition of a great many other common law actions which have been held in abeyance pending outcome of the issue.

The rulings are especially important since they follow so closely on the decision of the Illinois supreme court a few months ago that section 1 of the occupational disease statute and sections 12 and 13 of the health, safety and comfort act were unconstitutional. The supreme court decision denied the right to recover under these sections of the law for occupational diseases not set forth in the occupational disease act. The appellate court decision, which traces back to the English law, finding no common law liability of employers for occupational diseases, closes another avenue to recovery.

#### Law Amendments Fail

In view of the Illinois legislature's failure to pass several proposed occupational disease statutes which would have set up a right of action for workers who have contracted the more subtle occupational diseases, such as silicosis, pneumoconiosis, asbestosis, etc., there is at present no recourse for them.

The Illinois appellate court noted a recent English court decision denying right of recovery at common law for such occupational diseases, and also noted finding of the supreme court of Washington in Calhoun vs. Washington Veneer Company that common law action could not be maintained by a worker for carbon bisulphide poisoning due to his work in a factory, but he could recover only under the factory act.

The finding of the Illinois supreme court in the Boshuizen vs. Thompson & Taylor and Parks vs. Libby-Owens-Ford cases, holding section 1 of O. D. statute unconstitutional was cited, to the effect that there was no common law covering occupational diseases.

#### Disposes of Many Cases

Following the Illinois supreme court decisions in four similar cases on April 17, this year, a great many actions at common law were filed throughout the state. Plaintiffs' attorneys also sought permission to amend complaints and declarations in many O. D. cases that were pending to set up the right of action based on common law.

In the Sylvester and McCreery cases the defense moved to dismiss on the ground there was no common law right of action for occupational disease, and if there were it would be barred by the workmen's compensation act. This viewpoint was sustained. Counsel for Sylvester and McCreery argued that the legislature when enacting the occupational disease act was merely reaffirming the existing law, but this view was not held by the appellate court, which said

## 1934 Accident High Lights by National Safety Council

1. Accidents in 1934 caused 101,000 deaths—the highest total on record. There were also 9,821,000 non-fatal injuries.

\* \* \*

2. The total cost of 1934 accidents is estimated at \$3,500,000,000, including wage loss and medical expense for injuries and deaths, as well as property damage from motor vehicle accidents and fires.

\* \* \*

3. Only three diseases cause more deaths than do accidents. Among males, only one disease kills more than accidents. From ages 5 to 19, accidents are the leading cause of death.

\* \* \*

4. Of all motor vehicle fatalities in 1934, 12,900 occurred in cities of 10,000 population or more and the remaining 23,100 in smaller towns and rural areas. In cities, 67 percent of the deaths were pedestrians; in "rural" areas only 33 percent were pedestrians.

5. In the average year, about 43 per-

cent of all persons accidentally killed in homes are 65 years of age or older. About 47 percent of all home fatalities result from falls, and 18 percent from burns.

\* \* \*

6. From 1913 to 1934, deaths in motor vehicle accidents increased from 4,227 to 36,000, whereas deaths from all other kinds of accidents decreased from 78,233 to 65,000.

\* \* \*

7. Of the 16,000 occupational deaths in 1934, about 4,400 occurred in agriculture, 3,800 in trade and service industries, 2,300 in construction, 2,000 in transportation and public utilities, 1,900 in manufacturing, and 1,600 in mines, quarries and similar industries.

\* \* \*

8. There were 4,879 deaths in steam railroad accidents during 1934. Of these, only 39 were passengers. There were 1,554 deaths in grade crossing accidents and 2,654 deaths of trespassers on railroad property.

### Service Association Held Illegally Practicing Law

The Rhode Island supreme court has held the Automobile Service Association and one Morris in contempt of the authority of the court for illegal practice of law. The case was brought by the Rhode Island Bar Association.

The Automobile Service Association undertook to perform certain services, to furnish counsel to defend any member against criminal prosecution for criminal negligence, for manslaughter and defend the member in all other criminal proceedings arising out of the operation or use of a car in the event of being charged with violation of a state law, or city ordinance, or to bring suit to collect the damages caused from the machine by another machine, and defend the member against all civil suits arising from a collision of the car and the association's attorneys will furnish consultation and legal advice free of charge to the member on any legal matter pertaining to the use, operation, ownership and transfer of an automobile.

The Rhode Island supreme court held that these acts amount to the practice of law. The association is engaged in selling legal advice and assistance in association with a licensed member of the bar.

#### Others Write Nebraska Taxis

LINCOLN, NEB., July 10.—London Loyds is being gradually eased out of its control of taxicab insurance in Omaha and Lincoln. The Travelers Mutual Casualty of Des Moines has reentered the field, and the Employers Liability is continuing to carry one company each in Lincoln and Omaha whose accident record is satisfactory.

The insurance department has been asked to settle a controversy arising out of the refusal of the state railway commission, which controls taxicab operation, to approve a policy in Loyds tendered by the Koch Agency, on the ground that Jack Ringwalt, appointed by the insurance department as special representative under a statute that permits ineligible companies to write insurance in the state where other companies refuse, is the only one who can place that business.

It must be assumed that the legislature knew it was enacting new law.

Judgment of the Cook county circuit court was affirmed in both cases. T. C. Angerstein was counsel for the Buda Company and Ashcraft & Ashcraft for Libby-Owens-Ford.

### Kill Proposals to Modify Compulsory Insurance Law

The lower house of the Massachusetts legislature has now definitely killed the program of Governor Curley and Commissioner DeCelles to revise the compulsory automobile liability insurance setup. That program embraced a recommendation that a limited form of coverage be required which would reduce the number of small claims and the collusive ones.

The governor and commissioner expect to offer a modified bill that would merely eliminate from the required coverage liability on account of guests' suits. A hearing on that proposal was started by the legislative committee on insurance Tuesday and continued Wednesday.

Governor Curley has now requested the legislature to modify the compulsory automobile insurance law to provide that the required policies need not provide protection for guest claims. Furthermore he asks that a force of not more than 100 extra police be appointed to investigate claims immediately upon the occurrence of an accident so as to reduce the number of small claims as much as 50 percent.

The governor states that under the guest clause, claims in 1934 amounted to \$1,213,656. The number of guests affected were 4,058 of which 3,115 claims were settled for less than \$300.

In connection with his request for the additional police, Governor Curley states that in 1933 out of 40,126 non-fatal claims, only 5,746 were investigated. In 1934, 20,058 claims were settled for an average of \$40 cash.

### Responsibility Sense Reached at 27 Years

A guide to advertising men and salesmen in the fields of life, health and accident insurance is provided by data indicating that 27 years and three months is the age at which the average American reaches his peak sense of responsibility for his own future and the future of those dependent upon him.

"Over a period of 40 years," says Paul V. Barrett, advertising director of the International Correspondence Schools, "we have maintained accurate records of the more than 4,000,000 men and women who have enrolled for the schools' business, professional and technical courses. While living habits and even mental attitudes have changed greatly since 1895, our records show that one fact

## No Hope Seen for Liberal Attitude

Companies Are Not Departing from Conservative Course in Compensation Underwriting

### FEAR SHOALS ARE AHEAD

Recent Superficial Improvement Doesn't Bring Change—Recent Exchange of Reserve Data Solidifies Policy

NEW YORK, July 10.—While many agents and brokers are resentful of the restrictive attitude of the average casualty company toward compensation business, asserting that increased payrolls, higher rates and accident reduction programs adopted by many industries in the past 12 months warrant a more generous policy, executives, however, still maintain the future of the business is far from promising. They are inclined more and more to the conservative course. These companies justify their attitude on the ground that the liberalized benefits granted under new legislation, notably in this state, open possibility for losses that may in the course of a few years lead to their utter destruction. They ask what is ahead as the fixing of liability for dust claims gains momentum. Such charges as are being prepared for the extended coverage may prove to be wholly inadequate since no reliable data is available now nor is it likely to be for several years. By the time dependable experience has been obtained, liability in such amount may have been assumed as would prove fatal.

A quiet exchange of reserve data on the compensation business by companies some weeks ago, revealed startling results, and is largely responsible for the continued unwillingness of certain executives to liberalize line or class acceptances in the slightest degree.

#### Accident-Prone Employees

NEW YORK, July 10.—Supporting his contention that employees returning to work after prolonged absences are far more liable to suffer accidental injury H. K. Remington, secretary Fidelity & Casualty, quotes certain statistics of the National Safety Council.

In one group of industries there was a 14 percent increase in accident frequency last year, compared to 1933, the accident severity for the same group and period, increasing 37 percent. This, Mr. Remington attributes in part to carelessness on the part of workers, their "forgetting safety habits, loss of skill and over-anxiety to make good" and, again to deterioration in machinery. A further cause is changing forms of work, new employees engaging in lines with the hazards of which they are not familiar.

In 1934 the safety council estimates there were 1,350,000 occupational accidents, causing 15,500 deaths and thousands of injuries, resulting in the loss of \$590,000,000 in wages, medical expenses and overhead insurance.

has not changed. During the whole of this period, 27 has been the age at which men have been most receptive to the thought of home study with the object of improving and assuring the economic status of themselves, or of themselves and their families."

Ivan Anton of Des Moines has opened a new agency at 212 S. & L. building. He was formerly with the insurance department of the First Mortgage Corporation of Iowa for seven years.

## ACCIDENT AND HEALTH FIELD

### Druggist Held to Be an Agent

**One-Day Accident Policy Issued on Sales Ticket Comes Under Insurance Regulations**

LITTLE ROCK, ARK., July 10.—Merchants issuing a one-day automobile accident insurance policy coupon with cash purchases are in effect acting as insurance agents and are subject to insurance laws requiring that agents obtain certificates of authority of the insurance department, according to a decision of the Arkansas supreme court in Commissioner U. A. Gentry vs. Purcell Smith, Little Rock druggist. The insurance policies were printed on the reverse side of sales tickets issued by the Southern National Insurance Corporation through the American Advertising Agency. The court held that the printing of the policies on the sales tickets and the sale and delivery by the advertising agency did not complete the contract of insurance, the essential part of finding a policyholder remaining to be

performed by the merchant and in this case it was the druggist's business to find the policyholders, so that he was actually a solicitor. This holds true despite the fact that the agency is indirect and the profits come only from the increased sales. The druggist was clothed with the authority to bind the insurance company and he therefore became an agent of the insurer. The policies became effective when stamped by the merchant and signed by the policyholder. The supreme court reversed the lower court's decision.

### Survey of Group Insurance

LITTLE ROCK, ARK., July 10.—The state department of labor recently submitted to Arkansas employers a questionnaire on group insurance. Of the 190 concerns replying to the questionnaire, 101 carried some form of group insurance for their employees, divided as follows: Accident insurance, 84; illness, 26; life, 82. In all 33,863 days were lost by victims of accidents during the year ending May 15, 1935, those injured receiving payments of \$65,485.

Sickness was responsible for the loss of 10,394 days, with \$19,485 paid in sick benefits. Thirteen fatal accidents were reported for the year.

### Lining Up Joint Committee for Accident-Health Week

In line with the plan outlined at a conference in Detroit, when a joint committee to take charge of the next observance of National Accident and Health Insurance Week was tentatively organized, Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, who has been designated by President C. W. Young to represent that organization, has become chairman of the joint committee. Mr. Gordon has communicated with all of the cooperating organizations and asked them to name their representatives on the committee at once.

Thomas Hook, Standard Accident, Detroit, has been named to represent the Bureau of Personal Accident & Health Underwriters; E. H. Mueller, Pacific Mutual Life, Milwaukee, the National Accident & Health Association, and Frank A. Post, editor "Accident & Health Review," which promoted this year's observance, will represent the in-

urance press. Members are yet to be named to represent the Industrial Insurers Conference, International Federation of Commercial Travelers Insurance Organizations and Insurance Advertising Conference, all of which are cooperating in the movement.

It is desired to get the organization work under way as quickly as possible and it is probable that the first meeting of the committee will be held early in August. Chairman Gordon is now in Seattle at the meeting of the Insurance Commissioners Convention and it will be difficult to get the committee together before that time.

### Thomas Agency Retains Lead

The W. L. Thomas agency of the accident and health department of the Massachusetts Bonding at Los Angeles won national leadership for the fourth consecutive month, having led the field for March, April, May and June, as well as in January, making five out of six months. February was the only month this year in which the agency failed to qualify for first place.

### Opens Branch in Pittsburgh

The Massachusetts Indemnity has opened a branch in the Gulf building at Pittsburgh, in charge of James C. McDonough, who was formerly superintendent of agents for the company.

### New Industrial A. & H. Policy

The Standard Life of Jackson, Miss., recently brought out a new accident policy for its industrial field force which pays \$1,000 for the loss of life, hands, eyes or feet through automobile, bus or railroad accident. The premium is \$2.60 annually. There were 1,245 of the policies written in the first two weeks they were introduced.

### Accident Notes

The Service Life of Omaha has been licensed in Michigan for life, health and accident.

The Order of Railway Employees, San Francisco, has been licensed to write health and accident insurance in Oklahoma.

### Reelect Naef at Seattle

SEATTLE, July 10.—A. A. Naef, manager of Seeley & Co., was reelected president of the Casualty Association of Washington at the annual meeting. Also reelected were A. A. Carson, Hartford Accident, vice-president, and B. K. Campbell, manager National Bureau of Casualty & Surety Underwriters, secretary. On the executive board are J. E. Charbonnell, Fireman's Fund, and W. P. Sizemore, Travelers.

### Wills on Motor Trip

B. G. Wills, vice-president Fireman's Fund Indemnity, accompanied by Mrs. Wills, is enjoying a leisurely motor trip vacation through the California redwoods and the Pacific Northwest. He will return to his offices about Aug. 1. Mr. Wills recently served as general chairman of the Western Safety Conference, covering the 11 western states, which was called by Governor Merriam last month.

### Names Rate Quiz Committee

ALBANY, July 10.—The joint legislative committee to investigate automobile insurance rates consists of Senators Berg, Schwartzwald, O'Brien, and Kirkland and Representatives Fitzgerald, Stewart, Breithart, and Moffat. This committee has an appropriation of \$25,000 and will investigate, among other things, the subject of compulsory motor vehicle casualty insurance.

### Col. Jones with HOLC

Col. H. L. Jones, formerly vice-president of the New York Casualty, is now an official of the Home Owners Loan Corporation, attached to the legal department at Washington headquarters.

**A dependable Company, soundly operated,  
rendering efficient, nation-wide  
service to agents and  
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**BANKERS INDEMNITY  
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FOR THE UNDERWRITER  
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TO COMFORT ON THE  
HEAVIER LOSSES

FOR CASUALTY LINES—

KANSAS CITY  
NEW YORK  
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SAN FRANCISCO

EMPLOYERS  
REINSURANCE  
CORPORATION

E. G. TRIMBLE, President

## NEWS OF THE COMPANIES

### Seitz Is Elected President

**Named Head of Freeport Motor Casualty Following Death of Luther G. Younglove**

FREEPORT, ILL., July 10.—Paul F. Seitz, who has always been one of the main stays in the Freeport Motor



PAUL F. SEITZ

Casualty, and has been vice-president for more than a year, was elected president at the semi-annual meeting last night to fill the vacancy caused by the death of Luther G. Younglove.

Mr. Seitz started in the business in

1900 as an office boy for the German of Freeport and later became auditor, serving in that capacity until the German was reinsured.

In 1919 he joined the American Auto Insurance Association of Freeport as special agent and when the Freeport Motor Casualty was organized in 1928, taking over the business of the American Auto Insurance Association, Mr. Seitz was one of the incorporators. He served as superintendent of agencies, then as superintendent of claims and in January of last year was elected vice-president. He has a thorough knowledge of the business in all departments and has the confidence of his associates and the field.

#### Chapman Vice-President

Clarence W. Chapman, an investment man of Freeport, again becomes the vice-president of the company. He had the title of vice-president until Mr. Seitz was elected to that position in 1934.

Clarence P. Young will continue to look after actuarial matters and accounting work, retaining his title as secretary-treasurer.

The company writes automobile insurance in Illinois and Iowa at independent rates and has made a steady growth.

#### Other Officers of Company

Among the other important factors in the management are Clare Lohr, who was recently made superintendent of claims; Charles M. Fish, a director and son-in-law of the late Mr. Younglove, and C. W. Richards, who are in the underwriting department; L. F. Knipschild of Freeport, field representative; J. O. Stacey of Decatur, Ill., field representative, and L. A. Golz, Chicago and

suburban field representative and adjuster.

#### Not Liable to Claimants

Reversing the decision of the federal court at Kansas City, the United States circuit court of appeals at St. Louis has held that the Home Indemnity is not required to pay compensation claims against the defunct Southern Surety, which were unpaid when the Southern failed in 1932. The decision reverses a ruling by the United States district court at Kansas City, Mo.

The court held that a \$50,000 bond posted by the Home Indemnity on Aug. 13, 1931, is applicable only to claims against the Southern Surety which might arise after that date. The state of Missouri had sued for the full amount of the \$50,000 bond, basing its action on

19 unpaid claims which arose prior to the posting of the bond. The bond had been required of the Southern Surety under the retaliatory law after New York had exacted a similar bond of Missouri companies operating in New York.

#### Seek F. & D. Stock Registry

The Fidelity & Deposit has applied for permanent registration of its stock under the rules of the Securities & Exchange Commission. The United States Fidelity & Guaranty and Fidelity & Guaranty Fire had previously filed. No action has yet been taken by the New Amsterdam Casualty. The Maryland Casualty announced some time ago that it would not make application to list its stock.

## WORKMEN'S COMPENSATION

### Check Lump Sum Payments

**New Nebraska Compensation Court Bars Them Except Under Certain Conditions**

LINCOLN, NEB., July 10.—Lump sum settlements will not be approved by the state compensation court, newly organized under a new law, unless the application sets out in detail the nature of the injury, the period of disability established, the rate of pay when injured, and the disposition of the money. The principal object of the latter requirement is to prevent lawyers from charging too high fees. Several proposals have already been turned down because of lack of information supplied. The court members went on the payroll July 1, and are now hearing cases. F. M. Coffey, Lincoln labor attorney and leader, has been made presiding judge.

State officials have agreed to the contention of companies writing compensation insurance that the new law directing them to pay 2 percent of gross premiums into the treasury for the support of the newly-created compensation court is not an additional tax, but a substitute for the old tax, the proceeds of which went into the general fund.

### Cotton Gin Rates Increased

OKLAHOMA CITY, July 10.—The Oklahoma insurance board approved a minimum premium of \$231 for Code No. 0401, applicable to workmen's compensation rates on cotton gins in the state. This means an increase of \$56, which it is believed will make this class of coverage available for many ginners who have previously been unable to get protection, according to F. F. LeFon, manager Oklahoma Compensation Rating Bureau. Many companies found it unprofitable to write compensation at



# GENERAL REINSURANCE CORPORATION

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## WITHOUT BENEFIT OF PUBLICITY

**E**MBEZZLEMENTS usually don't get publicity. The majority are hushed up. When money or securities are stolen, there are no sirens, clanging apparatus, or newspaper stories of heroism.

Everybody hears about a fire, but few realize the disastrous proportions which embezzling has assumed. It is up to the agent or broker to show employers the hazards of employee dishonesty. Ideas and complete information to help you sell Mercantile Fidelity are available at your nearest U. S. F. & G. office.

# U. S. F. & G.

UNITED STATES FIDELITY & GUARANTY COMPANY

*with which is affiliated*


## F. & G. FIRE

FIDELITY & GUARANTY FIRE CORPORAT'N

*Home Offices: BALTIMORE*



*"Consult Your Agent or Broker as You Would Your Doctor or Lawyer"*

1890  1935

# FIDELITY AND DEPOSIT COMPANY

## OF MARYLAND

### BALTIMORE

### Points to Remember about the F&D

\* \* \*

Recognized as the country's leading  
bonding company

\* \* \*

Financial strength and leadership that  
command complete confidence

\* \* \*

Country-wide prestige built up over a  
period of 45 years

\* \* \*

Unchallenged reputation for prompt  
and equitable claim settlements

\* \* \*

Personal attention and authoritative  
counsel promptly available to all repre-  
sentatives through a nation-wide system  
of underwriting offices

*Exclusively*

## FIDELITY AND SURETY BONDS

## BURGLARY, FORGERY AND

## PLATE GLASS INSURANCE

the old rate of \$175 because of the unfavorable experience on this type of risk. The change became effective June 30.

### S. C. Bill Still Unsigned

Although both houses of the South Carolina legislature passed a bill to establish a workmen's compensation law in the state, the latest advice is that it has not yet been signed by the governor. In South Carolina there is a peculiar provision, whereby the governor has until the next session of the legislature to sign bills. He is not limited by the 10 or 30-day provision as is customary in most states. The South

Carolina legislature meets every year and therefore the governor has until about Jan. 1 to sign or veto the bill.

### New Indiana Setup in Effect

The new Indiana setup for workmen's compensation rating has now been put into effect. Rates are made by the Workmen's Compensation Rating Bureau of Indiana, owned and operated by all companies writing compensation in the state, including stock, mutuals and reciprocals, of which W. C. Burns is manager. The law requires that rejected risks be written by the entire group of companies as a pool.

## CHANGES IN CASUALTY FIELD

### Name Carr to Succeed Lieber

Becomes Resident Manager of Fidelity  
& Casualty in Detroit — E. F.  
Schroeder Is Assistant

DETROIT, July 10.—H. B. Carr, who has been superintendent of the bonding department of the Detroit branch of the Fidelity & Casualty, has been appointed resident manager, succeeding the late G. J. Lieber. H. V. Upington, who was transferred from the Detroit branch to New York as metropolitan branch manager early in 1931, supervised the operation of the local branch from May 20, when Mr. Lieber died, to July 2, when Mr. Carr assumed charge.

Mr. Carr, although a young man, has had 14 years' experience in the casualty and surety field. Beginning with the Aetna Life group in Indianapolis in 1921, he was later transferred to Buffalo and in 1923 joined the Fidelity & Deposit as assistant manager of the Indianapolis branch. He joined the Fidelity & Casualty in that city in 1925 and was transferred to Detroit in 1929 as superintendent of the bonding department. He is vice-president of the Surety Association of Michigan.

E. F. Schroeder, who has been special agent in the casualty department of the local branch for the past nine years, has been appointed assistant resident manager and will have charge of the casualty department under Mr. Carr.

### R. C. Crisler Resigns

Richard C. Crisler, superintendent of agents of the Western & Southern Indemnity and Western & Southern Fire of Cincinnati, has resigned. He has acted as superintendent of agents for the past three years and has planted the companies in many of the agencies where they are now represented. He came into the insurance business from the banking field, having acted as manager of the Guaranty Company of New York at its Cincinnati office prior to going with the Western & Southern companies.

### Adds Many New Agencies

DETROIT, July 10.—The production department of the Standard Accident has been especially active since the first of the year, having added 370 new agencies from Jan. 1 to July 1.

The latest general agency appointments are the Wilkes Insurance Agency, Beckley, W. Va., and F. Reeves Rutledge, Asheville, N. C.

George C. Bohon, division manager of the accident and health department of the Federal Life, Chicago, is recovering at a Louisville hospital from a spider bite, suffered July 4, as he was fishing on the Ohio river. When Mr. Bohon's condition grew worse, he was taken to the hospital Friday. While in he hospital he was made a colonel on Governor Laffoon's staff.

### Pennsylvania Head



HAROLD R. TEITRICK

Harold R. Teitrick, who was recently appointed Pennsylvania manager for the American States of Indianapolis, resigned as chief examiner in the Pennsylvania insurance department to take that position. Mr. Teitrick has a wide acquaintance and many friends in Pennsylvania as the result of his contacts in the work of the department.

## ACCIDENT AND HEALTH SPECIAL AGENTS

Large Major Company in expansion program offers permanent opportunity to Traveling Agency Supervisors in Commercial, Monthly Premium, and Group Accident and Health Departments. Only experienced successful producers with unusual records considered. Give complete details in first letter; interviews will be arranged for those qualifying. All replies will be handled confidentially.

ADDRESS B-97, NATIONAL UNDERWRITER



## Fidelity-Surety Activities

### Treasurer Hall Cancels Bond

Nebraska State Fund to Go Into Effect  
August 27 — Urge Test of  
Constitutionality

LINCOLN, NEB., July 10.—State Treasurer Hall has notified the four companies on his \$1,000,000 bond that he will cancel it on Aug. 27 when the state law giving the state bonding fund a monopoly of public official bond business, goes into effect. At the same time he is remitting to them a pro-rated seven months share of the \$10,000 premium authorized to be paid for the biennium. This action of the state treasurer is expected in insurance circles to be followed by a court test of the validity of the law, which has heretofore been impossible because of lack of legal basis.

#### WATCHED BY OFFICIALS

NEW YORK, July 10.—Surety company officials are studying the Nebraska situation with a view to determining upon a course of action when the state bonding fund begins operating Aug. 27. Public officials in canceling surety bonds now carried can demand refund of the unearned premium within 30 days. Failing to receive the refund the attorney-general is required to institute ouster proceedings against the defaulting company or companies.

The bulk of public official bonds in Nebraska is written by the American Surety, Fidelity & Casualty, Fidelity & Deposit, Hartford Accident, Massachusetts Bonding and the Maryland Casualty.

Local agents in the state have a pronounced interest in the matter, in that the refunding of unearned premiums would mean the return by them of a percentage of their commissions. Should the law be declared unconstitutional, following the cancellation of corporate surety bonds company officials are speculating as to what their liability might be.

#### TEST OF LAW URGED

OMAHA, July 10.—Action by surety companies to test the constitutionality of the new Nebraska state bonding fund is being urged here by J. J. Connolly, insurance attorney. While the law was in process of being drafted the attorney-general questioned its constitutionality. Surety companies should feel themselves obligated to undertake and finance the legal battle necessary to have the law declared unconstitutional, said Mr. Connolly. To permit such a law to continue in effect cannot help but establish a bad precedent and encourage the state to take a hand in other lines of insurance. The companies are hesitant about taking action because they do not wish to be involved in politics. However, Mr. Connolly feels that the action should be taken as a move for self-preservation.

#### HOLDS FOR NATIONAL SURETY

LINCOLN, NEB., July 10.—On the ground that the property of the new National Surety cannot be held for debts of the old National Surety, the supreme court has directed the state auditor to issue the new company a warrant for \$5,000 premium on the bond of State Treasurer Hall. It holds the legislature violated the constitution in putting a rider on the appropriation that would have made the proceeds available to Nebraska creditors of the old company without putting that fact in the title. The court says while a state has the right to impound assets of a corporation for the benefit of creditors within the state and it need not give effect in Nebraska to the rehabilitation plan, it says that it will not go to the extent of denouncing a plan that in its opinion

is beneficial to the company, creditors and patrons which has been approved by the courts of its parent state and acquiesced in by Nebraska officials in continuing the substituted bond in effect for 20 of the 24 months for which the old National Surety wrote it. The court finds there was nothing fraudulent in the plan, and while it operates to delay collections by creditors so do moratorium laws the federal supreme court has approved.

The **Licai Insurance Agency**, New Orleans, is liquidating its business. Alfred M. Barnes will close out the business. Calhoun & Barnes have purchased the good will and renewals.

### N. J. to Require Buses to Be Covered After July 20

TRENTON, N. J., July 10.—The public utilities commission announces that operators of motor buses in New Jersey will be required not later than July 20 to show certificates that their vehicles have been insured, under the new law just signed by Governor Hoffman and effective at once.

Rules controlling public liability insurance have been adopted in conformity with the law, which has as its pur-

pose compulsory insurance on all buses for fixed limits according to the seating of the vehicle.

#### Miscellaneous Notes

The **Wilson Insurance Agency**, New Orleans, has been incorporated. N. A. Wilson is president; B. J. Wilson, secretary; L. M. Wilson, treasurer.

**C. J. Sparks**, Jackson, Mich., local agent, has been named as one of the five members of the newly created civil service commission of that city.

A complete report on the **Colonial Mutual Compensation** has been filed by the California insurance department. License has been issued to the **Seaboard Surety**.

# As wide as the eagle flies



#### What To Do In Case Of Accident

Get license number of other car, also name and address of the driver, owner, injured persons and all witnesses. Notify local police authorities. Do not assume any liability or give any statements except to representative of the Maryland Casualty Company. Then—

Go to work with the nearest representative of the Company, by telephone if possible, or through the nearest representative of the Company, who will get you to work by way of the nearest office of the Maryland Casualty Company. (See list below.) If by any chance, you cannot contact the nearest of these four offices, telegraph the Maryland Casualty Company, Baltimore, Md.

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Montgomery	Montgomery	Montgomery
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## Suggests Auto P. L. Underwriting Change

The following communication is from Harry A. Koch of the agency bearing his name in Omaha:

I am concerned about the unsatisfactory loss experience that is developing in automobile liability insurance. This line is written almost exclusively on a car basis. We insure the vehicle rather than the individual who operates it. Few, if any, accidents are caused from mechanical defects of cars. They are all the result of physical defects and mental deficiency on the part of those who operate the cars.

The basis of all successful insurance is sound underwriting. To properly underwrite, we must seek a fundamental level. We must get to the source that creates the hazard. We must plug the leak that is causing the loss. This brings us to none other than the individual car operator. This individual's fault may be a spirit of recklessness. His impetuosity and untempered emotion may be such that he cannot restrain himself to the point of orderly following in the line of traffic when operating his car. He may be that type that is continuously spurting ahead and winding in and out among traffic. As such, he is generally

not quick-thinking enough to avoid a crash when he thereby gets into a difficult situation. These are all underwriting factors that can only be checked through the individual, and have really little or nothing to do with the make or type of car that is being operated.

### Desirability of the Risk

The check of the individual's characteristics is to the automobile underwriter what the physical examination is to the life insurance actuary. They both, in their respective lines, determine the desirability of the risk.

My suggestion is that the companies change their present loose method of issuing the omnibus endorsement. The sale of a restricted policy at a reduced rate, eliminating the omnibus endorsement, should be stressed. The individual prospect should be made to see the desirability of confining the operation and use of the car to himself. He can keep it in better order, prolong its life, and have a legitimate and gentlemanly excuse to refuse to permit its use to others. The argument is frequently met where the purchaser resents that in the sole operation of his car he pays as much

as his generously disposed neighbor who permits everyone in creation to run his car, and in the use of it as a family vehicle is not even the master of his own household.

### Should Insure Each Person

Where it is necessary for the members of the family to operate the car, each individual should be insured in a separate policy. This will mean a decrease of covered claims. With such a policy-writing, there will be an increase of total premium income. This will be further reflected by a decreased premium charge per individual, as against premium charge per car.

Too many accidents are caused by sons and daughters, where parents permit too free a use of the family car. I have several cases in mind right here in Omaha, that have come under my personal observation, where a father has driven a car for a number of years without any kind of an accident. In each case, with the children becoming of age, an otherwise perfect risk has become a hazard through the accidents that could never be foreseen under the present method of underwriting. This is a situation that can be corrected by the survey that the individual writing, as opposed to insurance on the car, will give. In proceeding to insure only the individ-

ual, we will be intelligently working on the solution of a difficult problem. Accidents must be avoided. Losses must be reduced.

## See Clash Between Charter Power and Policy Provision

Recently the Illinois appellate court held that the Illinois Bankers Life Association was not obligated to pay under a contract, the issuance of which was beyond the charter powers of the company. The policy specified that disability shall be presumed to exist when the assured reaches age 70 and that he should then begin to receive 10 percent of the face of the policy each year until the face amount is exhausted. The assessment act under which the association was organized did not empower the concern to write such a contract.

The observation is now made that the principles of this decision may concern fire insurance companies. For instance, it is pointed out that the exclusion in all of the explosion forms is placed there solely because of the charter limitations of the fire companies writing this class of business and that the exclusion clause should be broad enough to exclude every form of coverage excluded in the company's charter.

### Question of Non-Concurrence

The question is brought up whether this point does not raise the question of non-concurrent policies covering explosion losses?

In Illinois, the uniform dwelling and household furniture form No. 49, edition of September, 1933, which includes inherent explosion, has this limitation: "This company shall not be liable for loss or damage caused by or incident to the explosion, collapse or rupture of steam boilers or internal combustion engines, caused by internal pressure, unless fire ensues and then for loss or damage by fire only."

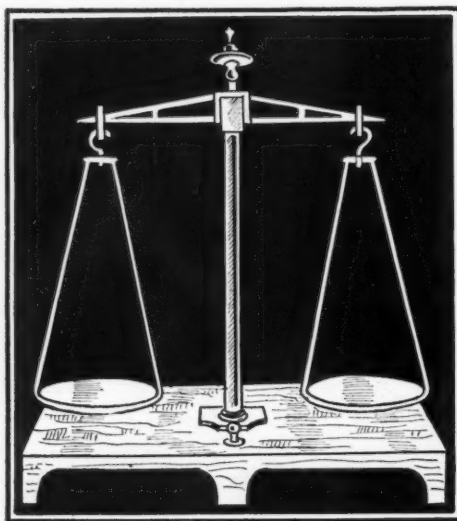
Opinions have frequently been given that because the form specifically excludes only steam boilers and internal combustion engines, other apparatus is insured against explosion loss, such as a low pressure water boiler or a hot water tank, used for storing hot water for use throughout the building. Yet, the charter powers of several insurance companies specifically provide that the company is not authorized to write coverages "against loss or damage to steam boilers and pipes or containers connected therewith, water heaters or pipes or containers connected therewith, apparatus for heating or lighting buildings or preparing food therein, flywheels, power wheels, and engines or other apparatus for supplying or transmitting motive power and machinery connected therewith or operated thereby, caused by explosion thereof, or accidental injury thereto."

The question, therefore, presented in this case is whether the policy of the company issuing this contract, if it is generally held to include explosion in hot water heaters and containers and pipes connected therewith, is ultra vires and void because no act of an agent in issuing such a contract can make it valid, either by way of admission or estoppel, because it is an ultra vires contract, beyond the corporate powers of the company to issue?

### Dallas Conditions Better

The National Fire Protection Association reports greatly improved conditions in Dallas. The fires are well investigated by the fire marshal and good cooperation of prosecuting authorities is obtained. The fire department has recently completed a compilation of all federal, state and municipal laws relating to fire department activities.

In Fort Worth an inspection of all dwelling houses was completed last month by the fire department. Revision of the building code is being undertaken by city authorities. The local fire loss record has improved.



*... is the evidence for or against you*

**I**T'S for you if you can *make good* your promise of prompt plate glass replacements when a loss occurs. At this time your assured weighs your remarks about fast service made at the time of the sale against the service he is actually receiving. Business is saved or lost during this vital period.

It is saved if the American Glass handles the replacement because this company has an established reputation for prompt and dependable service—it's this *unfailing service* that has made the American Glass the leader in the Chicago plate glass replacement field.

*Think first of American Glass for plate glass.*

**AMERICAN GLASS COMPANY**  
1030-42 N. BRANCH ST. CHICAGO



## Progressive Character Is Shown by Toronto Agency

One of the best equipped fire and casualty agencies on the continent is that of Reed, Shaw & McNaught in Toronto, Can. A. J. Mylrea, now one of the two senior members of the firm, is well known in the United States by reason of his activity in the National Fire Protection Association. He has attended most of the conventions of the N. F. P. A. since 1911.

### Library Is Interesting Feature

One of the interesting rooms in the agency is the library. Here one finds the magazines and business papers which are used by an up to date agency; the books and services carefully shelved and catalogued. Here also are the cabinets in which the agency has built up one of the most complete special files on various hazards and occupancies to be found. It is very common to find special library rooms in life agencies, but that of Reed, Shaw & McNaught is one of the very few to be found in fire and casualty agencies.

### Other Characteristics

Other interesting rooms in the agency are the drafting room and the private office of Col. Legrand Reed, the senior member of the firm. Mr. Reed's office is equipped like a ship's cabin, panelled and fitted with a pilot wheel and a ship's bell. Mr. Reed has a special bond with the states as his grandfather and six sons fought in the Confederate ranks during the Civil War. The grandfather and two of the sons returned to Canada after the war. The others sacrificed their lives. One of the sons who returned was the father of Colonel Reed.

Active managers in the agency are A. C. Evans, W. S. Chapman and N. L. Thompson in the fire department; O. T. Lyon in the casualty department; A. M. DeVries in the surety department and Kingston Reed in the inland marine department.

## List 28 Mutual Subscribers to Services of the S. E. U. A.

Since March 28, when a list of 24 mutuals was announced by the Southeastern Underwriters Association, to whom office service and policy forms had been sold, four additional mutuals have applied for the service, the Union Mutual, Providence, R. I.; Michigan Mutual Fire, Lansing, Mich.; Merrimack Mutual, of Georgia and North Carolina, and the Michigan Millers Mutual, of Lansing. There are now 28 mutuals using rates and forms of the regular companies, the service not including inspection reports of sprinklered risk and engineering departments. The mutuals under the arrangement pay assessment equal to 75 percent of that paid by member companies, plus 5 cents per \$100 of premiums for forms. The mutuals now subscribing are:

Atlantic Mutual Fire, Savannah, Ga.; Berkshire Mutual Fire, Pittsfield, Mass.; Carolina Mutual, Charleston, S. C.; Central Manufacturers Mutual, Van Wert, O.; Fitchburg Mutual, Fitchburg, Mass.; Grain Dealers National Mutual Fire, Indianapolis; Hardware Mutual Fire of the Carolinas, Charlotte, N. C.; Hardware Mutual Fire, Minnesota; Hardware Dealers Mutual Fire, Stevens Point, Wis.; Indiana Lumbermen's Mutual, Indianapolis; Lumber Mutual Fire, Boston; Lumbermen's Mutual, Mansfield, O.; Merrimack Mutual; Michigan Miller's Mutual, Lansing, Mich.; Michigan Mutual Fire, Lansing, Mich.; Mill Owners Mutual, Des Moines; Millers Mutual Fire, Alton, Ill.; Millers Mutual Fire, Harrisburg, Pa.; Minnesota Implement Mutual Fire, Owatonna, Minn.; National Retailers Mutual, Chicago; Northwestern Mutual Fire, Seattle, Wash., and Raleigh, N. C.; Ohio Underwriters Mutual Fire, Van Wert, O.; Pennsylvania Lumbermen's Mutual Fire, Philadelphia; State Mutual Fire, Miami, Fla.; United Mutual Fire, Boston; Union Mutual, Providence, R. I.; Western Millers Mutual Fire, Kan-

sas City; Western Underwriters Mutual, Kansas City, Mo.

## Surveys Farm Mutual Field

The Federal Farm Credit Administration reports that a survey discloses that about 50 percent of all farm property in the country that is covered by fire insurance is handled by mutual concerns owned and controlled by farmers. The survey was conducted by V. N. Valgren of the department of agriculture, formerly with the Automobile of Hartford, who has for many years been a counselor to the farm mutuals, attending their conventions and nursing them through their troubles. There are about 1,900 farmer-owned mutual companies in the country, he said. They are most strongly developed in the middle Atlantic and north central states. A large percentage of the farmers in the northern states reside in the neighborhood of a farmers' mutual, and in some cases farmers have a choice between two or more such concerns. In the south, the number of farm mutuals is much less.

## Mutual Group Hears Julian

TOLEDO, July 10.—R. E. Julian, assistant manager Ohio Inspection Bureau, was the speaker at the July dinner of the Mutual Fire & Casualty Association of Northwestern Ohio. He dis-

Net premiums of casualty companies in Arkansas last year, according to the annual report of the Arkansas department, amounted to \$3,510,588 while the net losses were \$2,245,271.

The leading companies included Aetna Casualty \$237,535 premiums and \$57,205 losses, Employers Liability \$195,624 and \$218,847, Fidelity & Casualty \$332,116 and \$210,396, Hartford Accident \$202,178 and \$110,998, Maryland Casualty \$253,-

171 and \$96,364, New Amsterdam \$102,430 and \$108,833.

Other leaders include U. S. F. & G. \$515,791 premiums and \$207,550 losses, and Zurich \$152,261 and \$75,973.

The casualty companies recorded a 29.2 percent increase in net premiums last year as compared with 1933.

Below is given a summary of net premiums for 1933 and 1934 by classes and net losses for those two years, together with the loss ratio for 1934.

	Net Premiums		Net Losses		Loss % Ratio
	1933	1934	1933	1934	
Health-Accident .....	\$592,617	\$665,840	\$573,262	\$465,522	69.9
Auto liability .....	597,525	623,013	385,452	615,186	98.7
Liability other than auto .....	785,989	1,289,084	545,825	682,048	52.9
Auto property damage .....	122,970	129,799	47,760	55,180	42.5
Auto collision .....	11,811	15,387	9,476	10,708	69.6
Fidelity .....	217,039	225,507	103,064	76,088	33.7
Surety .....	228,725	280,280	183,452	275,539	98.3
Plate glass .....	46,689	45,634	16,999	18,366	50.2
Burglary and theft .....	101,028	107,104	66,353	21,920	29.5
Workmen's comp. ....	15,553	17,514	11,376	3,338	19.1
Steam boiler .....	22,828	37,458	2,168	1,361	3.6
Machinery .....	10,124	18,035	3,470	10,117	56.1
Prop. damage other than auto ..	2,508	10,894	2,695	1,650	15.1
Workmen's collective .....	29,938	24,127	4,792	4,559	18.9
Auto fire and theft .....	7,714	8,861	4,306	1,851	20.9
Credit .....	10,768	10,404	7,621	1,655	15.9
Sprinkler and water damage .....	2,115	1,647	563	183	11.1

cussed the supplemental contract.

President Victor H. Sage appointed Mark P. Jefferys as chairman of a spe-

cial committee to arrange for the golf tournament Aug. 12 at Heatherdowns Country Club, Toledo.

# Loyalty



Service records of twenty, thirty and more years with this one institution are not uncommon. Several records even antedate the organization of the Company in its present corporate form in 1897.

Such loyalty is evidence of the characteristic Continental qualities which attract and hold the friendship of progressive field men, and may be taken as an index to the **DURABILITY** of this institution.

## CONTINENTAL CASUALTY COMPANY

CHICAGO

Insurance and Surety Bonds for Practically Every Purpose

## C. W. Hobbs Scans Compensation Sea

(CONTINUED FROM PAGE 27)

risks will not be able to obtain coverage. There is something to be said on the other side, however, he declared. A good many employers clamor loudly because of their inability to get insurance and yet are found not to want it when they find they are expected to pay for it. Others are in such poor financial condition it is doubtful whether they can pay whatever premium may be found to be due on audits. Some put obstacles in the way of payroll auditors, keep no records or falsify their records.

The assigned risk plan has operated with a fair degree of success, he said, and the number of risks seeking coverage has not as a rule been large. The number of risks bona fide entitled to insurance and unable to obtain it is probably larger in imagination than in fact, he declared. The method is a definite move towards increased unity in action.

### Acquisition Cost Problem

The answer to the acquisition cost problem cannot be indefinitely postponed, he said. The big question is how stock companies may successfully compete with non-stock carriers doing business at an expense ratio of about 20 points less. Unless there is an answer to the acquisition cost problem, either severe underwriting restrictions or an extension of pooling arrangements will be necessitated on the part of stock companies, he predicted. It is highly desirable that expenses be reduced to the lowest practicable point.

There is greater mutual understanding between the states and the companies with an absence of battles over rates.

Mr. Hobbs devoted much attention to occupational disease saying that the chief future changes in compensation rating methods will be in connection with occupational disease.

He outlined the new disease experi-

ence rating plan of the National Council and he said it has been approved in several states.

There has been a committee of the National Council working on the problem of occupational disease schedule rating and this committee at a recent meeting indicated that at present silicosis and asbestosis are the only diseases eligible for schedule rating consideration, and that at present the application of schedule rating shall be confined to silicosis in foundry operations. The prevention of occupational disease bids fair to occupy an important place in the social economy of the future, he asserted.

He commented on the inadequacy of statistical data on disease. The experience is spotty and it may prove necessary to establish a double set of pure premiums, keeping the disease experience separate from the other, at least for certain classifications.

### Test Audits Conducted

Mr. Hobbs said that most of the organizations charged with rate administration are taking the matter of test payroll audits very seriously. He gave an exhibit of a survey of 824 policies with aggregate payrolls reported by carriers of \$829,868. These developed on test audit additional premiums of \$22,415 or 2.7 percent. Of 25 companies the percentage of deviation ranged from 11.7 percent to .4 percent. Inadequate payroll accounted for 43 percent of the excess premium; misclassifications 30.2 percent; executive offices 15.2 percent and clerical office 8 percent.

The only way to solve the difficulty of the premium and liability for executives is by legislation, he said.

There is a possibility of legitimate differences in construction of the classification of clerical office employees.

A good beginning has been made towards reform of audits and if the insurance commissioners retain a consistent interest and uphold the hands of those who are disposed to cooperate, great improvement may be expected, he said.

The bulk of the premium lost by fail-

ure to make proper audits comes on a relatively small number of risks and not always the biggest ones either, he said. He discussed some of the features of medical costs and the difficulty of arriving at a satisfactory solution.

## Commissioners in Seattle Meeting

(CONTINUED FROM PAGE 1)

Dan C. Boney of California in the chair and Secretary Jess G. Read of Oklahoma at his right hand. Commissioner Sullivan opened the proceedings after roll call and invocation. The welcome was extended by Governor Morton of Washington and Mayor Smith of Seattle. C. A. Gough of New Jersey, chairman of the executive committee, responded. President Boney gave his annual address.

The afternoon was playtime with an auto ride over the city. The visiting ladies were entertained at the gardens of Mrs. Gilbert Lebaron Duffy at supper.

Wednesday morning was given to a formal session with papers by R. Leighton Foster, insurance superintendent of Ontario, on "Automobile Liability Security Laws of the United States and Canada," and Commissioner Sullivan of Washington on "Western Insurance." There was golf in the morning for the ladies and a tournament for the men in the afternoon. For the non-golfers the races at the Longacres track were the attraction. A dance was provided in the evening for all.

### Pamunkeys Ceremonial Revived

The celebrated Pamunkeys ceremonial last given at Swampscott, Mass., when the commissioners toured New England was revived this year as some of the original celebrants were present. Many tenderfeet were fleeced of \$5 to be initiated. The shearing was done by E. C. Stone of Boston, manager Employers Liability; Col. Joseph Button, former Virginia commissioner; John R. Dumont, former Nebraska commissioner; Lamar Hill, America Fore fire companies, and C. C. Klocks, Northwestern Mutual Life. C. W. Fairchild proposed a toast to the late H. F. Tyrrell, Northwestern Mutual Life, and J. S. Phillips, Great American Indemnity, did likewise for the late Walter K. Chorn, former Missouri commissioner, both founders of the Pamunkey tribe.

All hands are participating in the Mount Rainier trip Thursday with lunch at Paradise Inn. Friday's program consists of an address by Commissioner Mortensen of Wisconsin on "State Insurance" with Ernest Palmer of Illinois as discussant. Commissioner McClain of Indiana will speak on "Jewels the Giants Dropped." The commissioners are to meet in executive session in the afternoon when officers will be elected.

### To Reelect Dan Boney

The slate makers have decided that Commissioner Boney of North Carolina will be elected president so that he can serve a full term as he only came into office last December at the St. Petersburg meeting. C. A. Gough of New Jersey, chairman of the executive committee, may get the first vice-presidency and Commissioner Sullivan of Washington taking the second vice-presidency. If this eventuates then Ernest Palmer of Illinois will likely be executive committee chairman.

The annual banquet is to be held Friday evening with President H. K. Dent of the General of Seattle as toastmaster. All the commissioners will be introduced and three will speak briefly—Julian of Alabama, Carpenter of California, and Hunt of Pennsylvania.

J. W. Spangler, chairman of the First National Bank of Seattle, will give the principal address. On Saturday the entire company will take a boat trip for Victoria, B. C., where the entertainment is arranged by Insurance Superintendent H. G. Garrett of that province. There will be a sightseeing trip and at 4 o'clock

there will be a reception and tea at the Empress Hotel.

The executive committee decided to hold the midyear meeting at the Hotel Pennsylvania, New York City, Dec. 3-4. The annual meeting of the Life Presidents Association will be held the two days following. A committee will be named at this meeting to revise the constitution and by-laws of the organization to report at the December meeting.

Commissioner Hunt of Pennsylvania has started a movement to have the next annual meeting held at Philadelphia and Atlantic City. Nashville is also making a bid for it.

Gough of New Jersey to the addresses of welcome, in his response said he attended his first commissioners' convention 11 years ago at Hartford, there being present at that time 35. Out of that group but five are still in office, they being Read of Oklahoma, Cochrane of Colorado, Julian of Alabama, Foster of Ontario and himself. There are 39 states and two Canadian provinces represented at this convention.

Commissioner Garrett of British Columbia joined R. Leighton Foster of Ontario here. For the first time, Arizona, Nevada and New Mexico are on hand, represented respectively by G. A. Brown, H. C. Schmidt and G. A. Biel.

C. W. Hobbs of the National Council on Compensation Insurance submitted his report without reading it. Chairman Gough of the executive committee announced that the report submitted by the committee on blanks had been approved.

On motion of Palmer of Illinois, the executive committee is given the duty of recommending a revised constitution and by-laws. The work will be accomplished soon and a draft sent to members for study.

Three committees met Wednesday, on workmen's compensation, interstate liquidations and reorganization, and unauthorized insurance. J. H. Edwards, chairman of the Northwestern Mutual Fire who is chairman of the local arrangements committee was introduced. Commissioner Sullivan who introduced the welcomers read a telegram of greeting from U. S. Senator Bone of Washington.

### Value of Service Shown

The value of its watchman supervisory and fire alarm service is shown in the American District Telegraph Company's report for 1934. Of the 1,341 fire alarms received, 771 resulted in no losses, 294 losses of \$200 or less, 87 \$200 to \$500 and 199 resulted in losses of over \$500. During the last ten years the percentage of losses to insurable values has averaged .04 percent. In 1934 there were 158,247 detections of failures of watchmen to transmit signals, which is .05 percent of the total number of signals supervised.

The report on the sprinkler supervisory and waterflow alarm service shows that A.D.T. subscribers received 99.97 percent immunity from fire in the past ten years. The losses reported last year were only \$598,500. Last year there were 63 sprinkler manual fire alarms, 29,906 closed gate valves.

### Product Liability Rates Reduced

The National Bureau of Casualty & Surety Underwriters has issued new rate sheets covering some phases of product liability insurance. Reductions in the percentages of increase for higher limits have been effected by making special table A and special table B apply for higher limits, instead of table A and table B, as previously. Reductions vary from about 4 percent for \$10,000/\$20,000 limits to 15 and 20 percent on the higher limits.

Special table A calls for higher percentages of increase than special table B and is prescribed for all classifications the symbol for which is followed by the small letter "s" in the manual.

Russell E. George, engineer of the Ocean Accident, Seattle, has been transferred to San Francisco. He replaces C. B. Winne.

### Fidelity and Surety Bonds

## SEABOARD SURETY CO.

80 JOHN STREET . . . NEW YORK

C. W. French, President

WESTERN EXECUTIVE OFFICE

175 West Jackson Blvd., Chicago, Ill.

G. B. Slattengren, Manager

CAPITAL \$1,000,000

## AMERICAN

RE-INSURANCE CO

Robert C. Ream, President

67 Wall Street New York

DECEMBER 31st, 1934

CAPITAL .....	\$1,000,000.00
Surplus (at Market Values) .....	2,574,975.70
Voluntary Catastrophe Reserve .....	500,000.00
Reserve for Losses .....	2,690,601.13
Contingency Reserve .....	48,127.58
All Other Liabilities .....	1,110,130.69
TOTAL ASSETS .....	7,923,835.10

NOTE: Securities carried at \$739,222.50 in the above statement are deposited as required by law.

CASUALTY RE-INSURANCE



## Adjustment Company Quits Missouri in Legal Squabble

(CONTINUED FROM PAGE 4)

it were agreeable to Boyle Clark of Columbia, Mo., chairman of the committee of the state bar association which considers such cases, but Mr. Boyle refused. Mr. Hawthorn's decision to withdraw from the state followed.

The company is establishing offices in the Merriam building, Kansas City, Kas., and will continue operations in Kansas, Nebraska and western Iowa. It has offices in Topeka, Wichita, Salina and Omaha. Offices in Missouri which will be closed include Columbia, Joplin, Springfield, Kansas City and Portageville.

### Basis of Missouri Claim

Attorney-General McKittrick in the quo warranto proceedings claimed the adjustment company was a corporation with no powers except those granted by statute and not authorized to engage in the law practice or conduct a law business, which he alleged it has done. He claimed the Universal Adjustment advertised for and solicited through salaried employees business of making investigations for insurance companies to ascertain secular rights and advise them as to their liability or non-liability under insurance contracts, and also for valuable consideration gave advice about the legal effect of various clauses in policy contracts and settlement or trial of litigation in court. He also alleged the company has written, drafted and prepared for valuable consideration statements of witnesses, court pleadings, contracts and releases, and offered to represent insurance companies in adjusting, investigating, compromising and otherwise handling claims.

Several bills were introduced in the legislatures of Missouri and a number of other states this season to prevent insurance companies, adjusters and others from practicing law. In Missouri lawyers' committees have investigated independent and public adjusters to ascertain if they were engaged in law practice, with a view of having them enjoined from doing so.

If the Missouri lawyers are successful in barring adjustment companies from discharging these functions it may result in setting up the requirement that adjusters be admitted to the bar, which it is considered by insurance men would raise the standard for adjusters and eventually benefit insurance companies and the public.

### LITTLE CONCERN FELT IN EAST

NEW YORK, July 10.—Fire company officials, although interested in the Missouri case, are not much exercised, believing that an adverse decision would not necessarily establish a precedent. While scores of bills seeking to limit activities of various classes of businesses were introduced in a number of states at the behest of legal associations, based on alleged encroachment, none of these was enacted. On the contrary, in several instances sponsors of this type of legislation were scored for attempting to develop clients through selfish means.

Few fire adjusters are members of the bar, though a considerable number necessarily are well versed in insurance law. The percentage of fire claims litigated in proportion to total adjustments made annually is but a fraction of 1 percent, and in litigation counsel is always employed. The function of the fire adjuster is to ascertain sound value of property destroyed, estimate as closely as possible the extent of salvage, if any, and under the conditions of the contract arrive at the sum due the assured. In event of disagreement the standard policy provides the means of settlement; fair alike to insurer and insured. If suspicious circumstances appear in a loss the adjuster reports to his company, which decides whether to admit or deny liability. In the latter event the case is passed on to counsel for handling.

## New England Men Have Varied Card

(CONTINUED FROM PAGE 1)

cannot be raised on certain unprofitable classes to the point where the companies can break even. He mentioned the farm business as an example.

Fred R. Smith of Haverhill, Mass., chairman of the New England advisory board and the New England Association of Insurance Agents, in his talk spoke about the board's conference with the representatives of five of the six New England insurance departments. The subjects discussed were overhead writing, non-policy writing agents, branch office competition, London Lloyds, service offices and their dealings with unlicensed brokers. He said the discussion brought out that most of the troubles affected local agents in eastern Massachusetts, and it was deemed wise to leave the matter for further study on part of the Massachusetts department.

He spoke of the conference of the Massachusetts Association of Insurance Agents with the committee of the Eastern Underwriters Association and the Boston board. The E. U. A. people felt that the complaints should be handled by the Boston board and the Massachusetts association. It resulted in the Boston board agreeing to amend its brokerage commission rule insofar as it related to ordinary territory, prescribing a maximum brokerage of 15 percent where local board rules prescribed the same rates. The Boston board voted to change its rule and there appears to be, said Mr. Smith, a friendly desire on part of that organization to curb overhead writing and brokerage evils.

### Automobile Finance Issue

Mr. Smith commented on automobile finance companies and their controlling insurance. He thinks that the rules of the National Automobile Underwriters Association, which permit the writing of insurance on financed cars without recognizing the agents, are fundamentally unsound and discriminatory. He said that last year \$7,500,000 in commissions were lost to the agents on financed business. Mr. Smith said that business men, especially those with large interests, are fast learning the importance of the qualified agents. They want to deal with those who know insurance and have a working knowledge of their contracts and how to apply them. He said in his community the agent should perform an indispensable service to the public.

F. L. Greeno, president of the New York State Association of Local Agents, after philosophizing on the fact that the great bulk of agents go on with their business in spite of widespread talk about tumultuous happenings, and reviewing the battle over compensation insurance in New York during the past year, deprecated the attempts of insurance buyers to secure protection on a wholesale basis. Mr. Greeno compared insurance to medical treatment, calling the commodity itself medicine and the services of agents the counsel of a doctor.

"When you buy medicine without the doctor's advice," concluded Mr. Greeno, "you do so at your own peril."

### Service Must Follow Sale

George Parker, Pawtucket, R. I., led off the discussions Wednesday morning. Selling protection must precede servicing operations but after sales there must be service, he said, in speaking on the subject, "Is an Insurance Agent a Safesman Only?"

Stephen Dorsey, Rutland, is convinced of the merits of the comprehensive automobile policy and delivers all policies including the additional coverage. He reported no difficulty in having these accepted. A sticker on the policy calls attention to the increased coverage. He uses the form which does not include collision. The coverage should be sold on basis of covering everything except

## YEAR AFTER YEAR

AN EVER INCREASING NUMBER OF AGENTS WHO PREFER TO PLACE THEIR BUSINESS WITH "UTILITIES".

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the exclusions, according to Richard Vedeler, special agent Springfield.

In the partnership between agent and company, the latter must exercise the right of underwriting choice, since it is the partner assuming the risk, said A. J. Murphy, Boston, general agent Security of New Haven, speaking on agency-company relationship. The same rule applies to adjustment of losses. Eighty percent of the premium dollar belongs to the company and no action to bring balances to date should be opposed by any agent. The prompt paying agent carries the overdue agent and may well insist that the company go after over due balances with vigor.

"Suppose you had a partner," said Mr. Murphy, "who collected premiums on the street and did not turn them into the office, but each 60 days undertook to do so if he had any money left. No partnership could survive it." These remarks were made with special reference to the strict insistence on the 60-day rule effective July 15. Overhead writing, a frequent source of friction, almost always owes its appearance to a local agent, he said, and they, more than the companies, can stop it.

Commissioner Heltzen said his state believes licenses should not be issued to have preliminary training. He said he objects to lawyers "chiseling" into the business by getting commissions on their clients' business. Such lawyers would consider it beneath their dignity to advertise that they are insurance agents. Although real estate and insurance go hand in hand, those operators who deal in real estate as private owners for their own benefit should not be licensed for insurance.

A. C. Mason, agent at Rutland, Vt., agreed on company supremacy in underwriting choice as outlined by Mr. Murphy. He believes that in many ways, however, companies have not sufficiently considered problems of agents. In too many cases the company-agency proportion of the premium is not 80 and 20 percent but for some agents it turns out to be 60 and 40 percent, he declared, which is a discrimination against most agents. He reported that company representatives in New England meetings had said agents obviously could not be consulted on proposed radical changes, because agents would not safeguard confidences but would use their special

knowledge for personal gain. Mr. Mason named several agents and said there were many more who were the soul of integrity and should surely be trusted.

Excessive use of solicitors by agents was condemned by A. B. White, Keene, president New Hampshire Association. He said that credit investigators of companies often come back to the agent for information. He believes that agents can usually furnish more reliable information than the special credit investigators. He thought companies might well have given agents six months to prepare for strict observance of the 60-day collection rule. Companies often fail to keep pace with public demands because of their failure to listen more to what the agents are hearing from their customers, he observed, stating that companies should learn how to make decisions more rapidly.

R. G. Hinkley replied that companies had been approaching the 60 day balance rule gradually and that even now the rule would not really begin until 75 days after the so-called effective date. Fred R. Smith commented that companies should notify agents directly about balance rule changes.

### Formal Papers Presented at Commissioners' Meeting

(CONTINUED FROM PAGE 4)

The growth of domestic companies in the coast and mountain field has been significant and important. They are sharing greater responsibilities and meeting many needs. They are becoming stronger and the public is becoming more interested in them.

The value of local companies, he said, is that they plow back the greater portion of their resources into the neighboring territory. This promotes the interests of that area.

A comprehensive paper on the automobile liability security laws of the United States and Canada was presented by R. Leighton Foster, insurance superintendent of Ontario. He addressed the insurance commissioners of this country five years ago on the subject and his paper at Seattle covered the developments since then. He pointed out that 27 states, the District of Columbia and Hawaii now have automobile liability security laws of one kind or another.

He said interchange of suspension rulings under the responsibility act, between states and provinces is one of the most important features of this legislation.

He said the new Canadian uniform act virtually prescribes a statutory form of comprehensive automobile policy and thus is avoided any difference between the policy purchased voluntarily and one purchased because the driver has run afoul of the responsibility law. In the United States, he said, statutory policies are regarded as obnoxious. He asked whether the objections to the statutory policies would not be swept aside if all jurisdictions prescribe the same form.

Mr. Foster said that commissioners have been faced with so many responsibilities in the last few years that they have not had time to investigate such matters as automobile insurance legislation. However the responsibilities are now considerably less onerous and he predicted that in the next five years much progress will be made in that direction. He said there is no aspect of insurance legislation which has greater possibilities for good than automobile.

Knott of Florida was not present but sent a discussion, which was read. He expressed the belief there is a substantial weakness in the financial responsibility laws in that they do not provide protection for the public against irresponsible motorists until an accident has occurred. It is no help to the first victim of a driver's carelessness to know that the driver may be put off the highways until he makes compensation for the injury. It doesn't financially aid the victim.

Mr. Knott said he favors a modified compulsory insurance law, requiring a motorist who has never been involved in an accident to carry insurance that will

## New Indiana Book Issued

Unusual interest is taken in the new issue of the Indiana Underwriters Handbook, the state reference book, which has come from the press of THE NATIONAL UNDERWRITER. Under the supervision of Commissioner McClain the insurance department during the last year made requirements for agency license so that sideliners especially are finding it increasingly difficult to secure a franchise. Another point watched by the department is whether the applicant has a good record with his company or companies. Because of these restrictions a number of applications were rejected this year. While there were 35,600 licenses issued in 1934, there are only about 28,500 this year.

The Indiana Underwriters' Handbook is a complete reference work of the state insurance-wise. It is the oldest state insurance directory in the west, the first edition appearing in 1891. It contains a complete list of all agents, showing the companies represented, and, in fact, full information concerning the agents. The company directory gives an insight into the main features of each institution operating in the

state.

Casualty companies writing workmen's compensation are affected by a new law. If an applicant is refused by three companies he is then turned over to the newly created workmen's compensation bureau, that was formed to assume risks of this kind. Workmen's compensation premiums in Indiana last year, according to the new directory, were \$3,772,127 as compared with \$2,483,604 in 1933.

The statistical section gives the figures for the last six years so far as fire and life is concerned, and two years for casualty, classified by line. Fire companies had an increase in business last year, the premiums being \$17,480,050 as compared with \$15,742,758 in 1933. Losses showed a slight increase from \$6,887,036 to \$8,068,076. Casualty premiums also took a jump upwards from \$15,656,843 to \$19,452,172 while losses dropped slightly from \$8,523,303 to \$8,304,025. The life companies show an increase in insurance paid for, this figure being \$450,668,548 compared with \$408,886,282 in 1933. Insurance in force is \$2,239,754,502.

### Seeing the United States With the Commissioners

(CONTINUED FROM PAGE 4)

las, who is connected with the home office of the Trinity Universal, also accompanied the delegation. Miss Mary Nagle, in charge of licenses and collections, was on hand. President Harry L. Seay of the Southland Life, and J. R. Plummer of the Commercial Standard of Dallas composed the rest of the party.

\* \* \*

Executive Vice-President W. B. Rear-den of the Firemen's group took his maiden trip to an insurance commissioners' convention.

\* \* \*

Col. Joseph Button, former Virginia commissioner, for many years secretary of the Insurance Commissioners Convention, now manager of the Stock Company Association, the insurance affiliate of the HOLC, made the trip to Seattle.

\* \* \*

Garfield W. Brown, former Minnesota commissioner, got on the train at St. Paul, shook hands with the early risers, and rode on to Minneapolis.

\* \* \*

There were 175 people on the special train, this making a long one. Two diners were carried.

\* \* \*

A number of the legal men in the party will go to Los Angeles next week to attend the annual meeting of the American Bar Association.

\* \* \*

Clare A. Lee, former Oregon commissioner, attended the meeting.

\* \* \*

Alfred M. Best flew from New York, leaving there Sunday afternoon and getting to Seattle Monday morning.

\* \* \*

Commissioner J. J. Holmes of Montana joined the special train at Glacier National Park and participated conspicuously in the impromptu entertainment in the club car that evening.

\* \* \*

President H. K. Dent of the General of Seattle entertained the commissioners at a buffet supper in his office Tuesday evening.

\* \* \*

C. S. Conklin of New York, U. S. manager of the Pearl, got caught in the "Empire Builder" wreck on the Great Northern near Williston, N. D., but he was not injured. He caught up with the commissioners' special train at Glacier National Park. Joining him at the Seattle convention were President Ralph Rawlings, Vice-President Edward Lyons and General Counsel J. G. Bachman of the Monarch Fire.

the advent of liquor are given as reasons for increased loss ratio. Lincoln agents charge that lawyers and doctors' combinations have been uncovered, and that a large increase in the number of suits filed has occurred.

Young, thoroughly experienced, and capable casualty and surety special agent desires field position with reliable company preferably in an Eastern territory. Employed at present.

ADDRESS B-96, NATIONAL UNDERWRITER

Large multiple-line casualty company wants immediately aggressive field man under 35, familiar with Michigan territory. Give full particulars.

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Experienced automobile insurance claim investigator and adjuster, preferably attorney. Ohio territory. Salary basis.

ADDRESS B-95, NATIONAL UNDERWRITER

provide reasonable indemnity to other motorists and the pedestrian. In other words, he seems to favor the plan that was advocated in Massachusetts by the governor and insurance commissioner.

Mr. Knott commented on the difficulty of getting uniformity in laws in this country saying that the task is much easier in Canada. He referred to the possibility that some uniformity might be obtained in this country if the federal government should undertake to control insurance on automobiles used in interstate commerce.

Secretary J. G. Read of Oklahoma in his report shows total receipts \$4,570, balance on hand \$2,337.

### 18 Companies Combine in Writing \$3,000,000 Bond

Eighteen companies joined at Chicago this week in writing the \$3,000,000 bond for Joseph L. Gill, new Cook County, Ill., treasurer. This is on statutory form not covering depository liability in line with a new law passed by the last legislature. The companies, with amount of their participation, are: \$300,000 each—Fidelity & Deposit (originating office), Aetna Casualty, Hartford Accident, Fidelity & Casualty, National Surety, United States Fidelity & Guaranty; Maryland Casualty \$225,000; \$150,000 each—Standard Accident, Central Surety; Continental Casualty \$125,000; New Amsterdam \$112,500; \$100,000 each—Massachusetts Bonding, Great American Indemnity; Glens Falls Indemnity; Columbia Casualty \$50,000; Century Indemnity \$37,500; Globe Indemnity and Royal Indemnity, each \$25,000.

This supplants a temporary personal bond given by P. K. Wrigley and James C. Cox of the Wrigley Gum company; \$1,000,000 each; M. J. McNally, Chicago real estate man and John P. Harding, restaurant owner, \$500,000 each.

### Auto Liability Rates Are Raised in Lincoln, Omaha

LINCOLN, NEB., July 10.—Automobile liability rates in Lincoln and Omaha have been increased, the new charge being \$29 on light cars instead of \$20, while medium sized cars take a 35 percent increase and heavy cars 20 percent. Figures submitted show that the average loss last year was \$19.53 on cars as compared with \$13.61, the basis of the old rates. No increase is made in the remainder of the state, where \$12 is the old basis. Generosity of jurors, the fact that attorneys are allowed to tell jurors if insurance is carried, along with



# RECENT COURT DECISIONS

## CASUALTY & SURETY

### Agency Account Adjudicated "Murder" Clause Is Construed

**Amount Owed to Receiver of Union Mutual Casualty by Massachusetts Agent Is Decided**

The Massachusetts supreme judicial court has adjudicated a dispute between the receiver of the Union Mutual Casualty of New York and the Insurance Budget Plan, Inc., of Massachusetts over an accounting for premiums written by the Budget Plan for the Union Mutual.

The principal part of the business of the Insurance Budget Plan consisted of financing automobile insurance accounts, taking from the insured under each policy a note for the full amount of the premium plus a finance charge of 10 percent.

The Budget Plan was to receive commissions of 6 percent from the Union Mutual Casualty on gross premiums less return premiums.

On March 16, 1931, the Union Mutual withdrew from Massachusetts, at the instance of the insurance commissioner. On May 26 of that year a receiver was appointed for the Union Mutual in New York.

All policies written by the Budget Plan for the Union Mutual were canceled as of March 16, 1931.

The Budget Plan contended that it does not owe the Union Mutual more than the earned premium, but that it is entitled to commissions on the full amount of the premium. The Union Mutual contended that the Budget Plan owes it the full amount of the premium.

The supreme judicial court held that the amount owed by the Budget Plan to the Union Mutual is the amount of the premium prorated to March 16, 1931, and is entitled to credit for commissions on earned premium. Cancellation of policies by reason of the withdrawal of the Union Mutual from Massachusetts is cancellation with respect to reduction of commissions as well as with respect to reduction of premiums, within the meaning of the agency agreement.

### Not Co-Surety Relationship

**Joint Judgment Against Two Motorists for Concurrent Negligence—Controversy Between Insurers**

Where a joint judgment is obtained against two persons for concurrent negligence in the operation of their respective vehicles, there is no relation of co-suretyship between the insurers of the two judgment debtors. This was the decision of the Iowa supreme court in *United States Casualty vs. Indemnity of North America*.

The U. S. Casualty insured A, a motor company, for public liability; while the Indemnity Company insured B, likewise a motor company. Later a plaintiff secured a joint judgment against both tortfeasors, A and B, for concurring negligence in the operation of their respective vehicles, the larger part of which judgment the United States Casualty paid.

The court held that no relationship of co-surety was created between the U. S. Casualty and the Indemnity Company, nor does the right of contribution accrue to the U. S. Casualty against the Indemnity Company by reason of the U. S. Casualty's payment of the judgment.

**Continental Casualty Wins Case in Washington But Loses One Involving Same Issues in Louisiana**

Two decisions were handed down recently involving the clause in the accident and health policy excluding liability for death as the result of an intentional act of the insured or of any other person excepting assaults committed upon the insured for the sole purpose of burglary or robbery. The Continental Casualty was the insurer in both cases.

In *Potestio v. Continental Casualty*, the Washington supreme court held for the Continental and in *Wildblood v. Continental Casualty*, the Louisiana supreme court held against the insurer.

In the Washington case, the assured was killed in a personal quarrel. The court stated that the exemption clause was clear and unambiguous and there was no liability.

In the Louisiana case, the beneficiary contended that her husband, Wildblood, had been killed as the result of an accident. The insurer claimed that Wildblood was killed as the result of an intentional act of a third person, identity unknown, and that when Wildblood was killed he was under the influence of an intoxicant. The theory of the beneficiary is that the assassin did not intend to murder her husband but mistook him for another man whom he did intend to murder.

The contracting parties in framing the exception did not have in mind or intend to include the rare instance of the murder of the insured by one intending the murder of another, the supreme court held. A primary election was being held. Wildblood was a section foreman on the railroad. His crew engaged in considerable drinking and Wildblood joined but there is no evidence he was greatly under the influence. In the evening he walked from the intersection of the roads along a dirt road. He was shot down and killed. The beneficiary claims that the shot which killed him was intended for Gibson, because Gibson's life had been threatened. The two men were of similar size, build and dress. The

light was faint, her husband was going in the direction of Gibson's home.

There is no evidence that Wildblood had been involved in any previous difficulty. He was of a jovial disposition.

The court held that the defense of intoxication was not established. Judgment was rendered against the company.

### Liable Under Blanket Bond

**Endorser of Forged Check Reimburses Bank Under Mistaken Impression He Was Obligated to Do So**

When an endorser of a forged check reimburses a bank under the mistaken impression that he was obligated to do so and he is later repaid, there is a direct loss under the bank's blanket bond and the surety is liable, according to the Nebraska supreme court in *United States Fidelity & Guaranty vs. First National Bank of Omaha*.

The U. S. F. & G. sought to recover \$500 from the First National Bank on the ground that it had paid to the bank \$500 upon proof of loss under the terms of its bond, protecting the bank against loss on payment of forged instruments, whereas the bank had been reimbursed for the loss, which fact was concealed from the U. S. F. & G.

The First National Bank sent the check back to the Omaha National Bank, which returned it to the First National Bank of Lincoln. The First National Bank of Lincoln collected \$500 from the first endorser, who later demanded and received a return of the payment from the First National Bank of Omaha.

The supreme court held that, as the bank paid the money under a mistake of fact, it cannot recover from the endorser. The endorser's voluntary payment of \$500 was made without knowing that the check had actually been paid and canceled by the drawee bank. It paid it on the representation that it was returned unpaid by the bank because the signatures were forged. After the endorser discovered that the check had actually been canceled and paid by the drawee bank, he consulted his attorney, who threatened suit. The payment by the endorser was under a mistake of fact and he was legally entitled to recover from the First National Bank of Omaha, which bank had the right to recognize this liability and repay the amount to him without suit.

## FIRE & MARINE

### Cancellation Right Decided

**Mississippi and South Carolina Courts Adjudicate Controversies Between Insurers as to Liability**

The South Carolina supreme court has handed down a decision in a dispute as to which of two companies is liable in a fire loss where a notice of cancellation of a policy in one company was in the mail as well as a substitute policy in the second company. The case was *Sussex Fire vs. Standard Fire*.

The old Essex Fire, which was subsequently merged into the Sussex, through its agent, Ellison, issued to Mrs. Buchanan a dwelling house policy. The Sussex decided to cancel all South Carolina risks and Ellison wrote a policy in the Standard substituting for the Sussex policy covering Mrs. Buchanan. He made a notation on his records indicating cancellation of the Essex policy.

The following day the Standard policy was mailed to Mrs. Buchanan and requesting her to return the Essex policy.

Ellison also addressed communications to the Essex and Standard advising each what had been done. Before Mrs. Buchanan received the new policy and the request for surrender of the old one, the property was destroyed by fire.

The Sussex paid Mrs. Buchanan the loss and sued the Standard to recover.

The supreme court held there is nothing in the testimony to support an inference that the insured authorized Ellison to waive for her any of the contractual provisions of the Essex policy, especially the five day notice required for cancellation or that she constituted him an agent to accept delivery, without her knowledge and consent, of a policy issued in lieu of the old one. The only inference is that Mrs. Buchanan accepted the policies only when they met with her approval. The parties did not intend that there should be double insurance, and as the Sussex policy was in force at the time the property was destroyed, the Standard policy never came into effect.

A similar case has been decided by the Mississippi supreme court. It is entitled *Connecticut Fire vs. Harrison, et*

al. This was a contest between the Connecticut and the United States Fire as to which is liable to Harrison for loss of a tenant house owned by him. The agent was Everett.

### Wrote Two Binders

Early in 1934, when Everett received instruction from the Fidelity-Phenix to cancel its policy covering Harrison's property, a substitute policy of the United States Fire was given. This was satisfactory to Harrison.

About a month later the U. S. Fire instructed Everett to reduce its liability on the Harrison property.

Accordingly, Everett wrote two binders, one binding the Connecticut for certain lines, Everett canceled the U. S. policy previously written. The companies were notified of the execution of the binders. Although the binders had been written before the fire, the policies were not written until after the fire.

The supreme court held that, if the policy issued by the U. S. Fire was canceled by waiver on the part of Harrison, the Connecticut Fire became liable. If not canceled, the U. S. Fire is liable. The question is whether Everett was clothed with implied authority by the assured to cancel. The only evidence is that a former policy was canceled without notice and when a new policy was delivered to Harrison, he was satisfied. It is clear the assured did not expressly waive the five day notice and there is no evidence upon which to base an implied waiver. Accordingly, the U. S. Fire remained liable and the Connecticut Fire never became liable.

### Power of Adjuster Limited

**Has No Real or Apparent Authority to Waive a Forfeiture and Reinstate Policy**

Although an adjuster may waive requirement of proof of loss, he has not real or apparent authority to waive a forfeiture or breach of warranty or condition subsequent and thus reinstate the policy. This was the holding of the Vermont supreme court in *Vinton vs. Atlas* and judgment of the lower court denying that the motion of the Atlas for a directed verdict was reversed.

There was an endorsement waiving the limitation on period of unoccupancy, provided the conditions of protection warranties 1, 2, 3 or 4, are applicable. Protection warranty No. 1 stated it is warranted by the assured that the property is located not over 500 feet from a public hydrant. The nearest hydrant was 1,282 feet distant. There was a period of vacancy of about 70 days.

### Asked to Sign Agreement

After the fire an independent adjuster called on the assured and requested him to sign a non-waiver agreement. The assured refused to do so. It is not enough, the court declared, to show that the adjuster had authority to waive and did waive the unoccupancy; it must also appear that he had authority to waive and did waive the policy requirement that the waiver must be in writing and attached to the policy. There is a shortage of evidence tending to show the adjuster's authority to bind the company by a waiver. An agent who has no authority to waive a policy provision has no power to estop the company by his act or statement. Vinton argues that the agent who issued the policy knew the location of the hydrant and this precludes the Atlas from availing itself of the defense. The court said, however, that although it appeared that the agent inspected the premises and formed an estimate of the value, there was no evidence that he knew where the hydrant was situated.

## Agency minded cooperating companies.



Note the organization dates—  
three of these companies are *over  
a century old.*

Age and records of *past per-  
formances appeal to the agent*  
who is building for the future  
with an eye on the past.

(STATEMENTS OF DECEMBER 31st, 1934)

	Capital	Assets	Liabilities	Surplus to Policyholders
*United States Fire Insurance Co..... Organized 1824	\$2,000,000	\$25,384,876	\$11,596,209	\$13,788,667
*The North River Insurance Co..... Organized 1822	2,000,000	18,278,958	7,033,365	11,245,593
*Westchester Fire Insurance Co..... Organized 1837	1,000,000	15,510,408	7,728,138	7,782,270
The Allemannia Fire Ins. Co. of Pittsburgh..... Organized 1868	1,200,000	4,717,134	1,752,730	2,964,404
*Richmond Insurance Co..... Organized 1907	1,000,000	3,908,160	1,443,159	2,465,001
Western Assurance Co., U. S. Branch..... Incorporated 1851	400,000**	3,942,586	1,714,591	2,227,995
British America Assurance Co., U. S. Branch..... Incorporated 1833	200,000**	2,284,313	961,863	1,322,450
Southern Fire Insurance Co., Durham, N. C..... Incorporated 1923	200,000	1,255,531	398,327	857,204

\*Company operates under Sections 130-1-2 of the New York Insurance Law.

\*\*Statutory Deposit—New York Insurance Law.

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